

SEC NEWS DIGEST

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ENFORCEMENT PROCEEDINGS

SEC SANCTIONS GREGORY MAZZEO FOR CHARGING UNDISCLOSED AND EXCESSIVE MARKUPS

On January 24, the Commission entered an Order Instituting Proceedings, Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, by consent, against Gregory F. Mazzeo. Mazzeo neither admitted nor denied the findings of the Order. In the Order, the Commission found that Mazzeo worked as the head equity trader for a New York broker-dealer and was responsible for calculating the prevailing market price from which markups were calculated on principal transactions for the broker-dealer. The Commission further found that from April through October 1997, for at least one microcap security, Mazzeo calculated the prevailing market price for the markups using the price at which the broker-dealer offered the security to other market makers even though the broker-dealer dominated and controlled the market for the security. Because there was no active and competitive market for the security, Mazzeo should have used the broker-dealer's contemporaneous cost as the prevailing market price when calculating the markups. The undisclosed, excessive markups resulted in inflated commissions to the broker-dealer and its traders. The Commission ordered Mazzeo to cease and desist from committing or causing future violations of the federal securities laws and suspended him from association with any broker or dealer for a period of twelve months. The Commission also ordered Mazzeo to pay a civil penalty of \$5,000 as well as disgorgement, prejudgment interest and post-judgment interest in the amount of \$16,722.230. (Rels. 33-8060; 34-45329; File No. 3-10689)

COMMISSION SANCTIONS BRIAN SCHMIDT AND JOHN DILWORTH FOR FRAUDULENT SCHEME AND REVOKES BROKER-DEALER REGISTRATION

The Commission has found that Brian A. Schmidt and John Aristotle Dilworth, II willfully violated Section 17(a) of the Securities Act of 1933. Schmidt, who was associated with Euro-Atlantic Securities, Inc., claimed that he could arrange to lease United States Treasury Bills for a customer. Schmidt also introduced the customer to Dilworth, who represented that he was an agent of a London private bank, which allegedly controlled billions of dollars in assets. Dilworth further claimed that he had the legal right to assign T-Bills to the customer. Schmidt convinced the customer to wire \$300,000 to an account that was controlled by another respondent. The money was then withdrawn without the customer's consent. The Commission found that Schmidt and

Dilworth had offered to sell a security. It further found that Schmidt and Dilworth engaged in numerous misrepresentations -- including that the T-Bills existed or that Dilworth had the power to convey them.

The Commission barred Schmidt from associating with a broker or dealer, ordered him to pay a \$100,000 civil money penalty, ordered Dilworth to disgorge \$300,000, plus prejudgment interest, jointly and severally with two other respondents, and ordered both Schmidt and Dilworth to cease and desist from violations. The Commission also found that Euro-Atlantic Securities had defaulted in these proceedings and revoked its registration. (Refs. 33-8061; 34-45330; File No. 3-9402)

SEC FILES CONTEMPT ACTION AGAINST DEFENDANT ACCUSED OF SECURITIES FRAUD

The Commission announced that on January 15 it filed, with the United States District Court for the Southern District of Florida, an Application for an Order to Show Cause why Defendant Paul Johnson (Johnson) should not be held in contempt for failure to comply with the Court's Orders. The application alleged that Johnson failed to provide a sworn accounting in accordance with a Court Order entered on December 12, 2001.

In its complaint filed on December 12, 2001, the SEC alleged that Johnson's company, Link Express Delivery Solutions, Inc. (Link), which was based in Deerfield Beach and Ft. Lauderdale, Florida, and ceased operations in March 2000, conducted a series of five fraudulent private placement offerings between October 1997 and March 2000, raising more than \$15.5 million from nearly 400 investors nationwide. The complaint alleged that Johnson and others provided investors and potential investors with false and misleading offering documents and made material misrepresentations and omissions to investors concerning the use of investor funds, Link's projected revenues and anticipated returns, Johnson's business experience, and Johnson's control over Argus Securities, Inc. (Argus), a broker-dealer that sold certain Link securities. The Complaint also alleged that Johnson stole at least \$2.3 million of investor funds, and spent another \$3 million for non-Link purposes, which he had commingled with funds fraudulently raised from sales of his own unregistered Link stock.

On December 12, 2001, the Court entered an Order Granting Ex Parte Motion for Asset Freeze and Other Emergency Relief against Johnson and Relief Defendants J&J Management Consulting (J&J) and Johnson's mother, Caterina Johnson. On January 7, 2002, the Court entered Orders Granting Motion for Preliminary Injunction of Asset Freeze as to Johnson. On January 16, 2002, the Court entered an order extending the preliminary injunction to J&J and Caterina Johnson. The Court's Orders required Johnson to immediately provide the Court and the SEC with a sworn accounting of all monies received from Link. The Orders also require Johnson, J&J, and Caterina Johnson to repatriate any offshore monies and to provide the SEC and the Court with a written

description of any repatriated funds. [SEC v. Paul R. Johnson, et al., Case No. 01-7874-CIV-HURLEY, SDFL] (LR-17338)

COMMISSION FILES ACTION AGAINST AUTOMOTIVE PARTS MANUFACTURER AND ITS FORMER CHAIRMAN

The Commission announced today that it has filed and settled a complaint against Turbodyne Technologies, Inc. (Turbodyne) (OTC: TRBD) and the company's former chairman, Edward M. Halimi (Halimi), 57, of Santa Barbara, California. Turbodyne is an automotive parts company located in Carpinteria, California. The complaint, filed in federal court in Los Angeles, alleges that Turbodyne and Halimi violated the antifraud provisions of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaint further alleges that Turbodyne violated the reporting provisions of Section 13(a) of the Exchange Act of 1934, and Rules 12b-20 and 13a-1 thereunder, and that Halimi aided and abetted Turbodyne's reporting violations.

The complaint alleges that Turbodyne and Halimi committed fraud and reporting violations in connection with several press releases issued by the company between 1997 and 1999 that contained false and misleading statements about purported business agreements Turbodyne had allegedly entered into with several companies. These press releases contained false and misleading statements regarding, among other things, the company's potential revenues, the state of the company's distribution arrangements, and the purported settlement of significant litigation involving the company. Turbodyne also filed a Form S-1 and 10-K which repeated some of the misstatements contained in the press releases. These press releases and false public filings had a significant effect on the market, lifting the price of Turbodyne from a little over \$2 per share in March 1998 to \$17 per share by August 1998.

Without admitting or denying the allegations in the complaint, Turbodyne and Halimi consented to the entry of a final judgment permanently enjoining them from committing the violations outlined above. Additionally, Halimi agreed to pay a \$50,000 civil penalty. [SEC v. Turbodyne Technologies, Inc. and Edward M. Halimi, Civil Action No. CV 02-00673 WJR, Ex, C.D. Cal.] (LR-17339)

SEC FILES CIVIL ACTION FOR INSIDER TRADING AGAINST A FORMER CREDIT SUISSE FIRST BOSTON EMPLOYEE AND HIS ASSOCIATE

On January 24, the Commission filed a civil injunctive action in the United States District Court for the Northern District of Illinois against Ryan D. Evans (Evans) and Paul A. Gianamore (Gianamore), both of Chicago, Illinois, for insider trading. The Commission's complaint alleges from in or about December 1999 to in or about August 2000, Gianamore, then a Credit Suisse First Boston Financial Analyst, tipped his friend Evans with material, nonpublic information regarding several publicly traded companies.

Evans then traded in the securities of these companies while in possession of this information. Specifically, during the relevant time period, Credit Suisse First Boston's Chicago office (CSFB Chicago) acted as a financial advisor to one of the parties of at least four merger or acquisition transactions. Through his employment at CSFB Chicago, Gianamore obtained nonpublic information about the mergers and acquisitions in issue before they were publicly announced. He then tipped Evans with the inside information. While in possession of this information, Evans purchased shares in companies shortly before an announcement of the merger or acquisition. In each case, Evans sold his shares shortly after the public announcement of the merger or acquisition, making approximately \$243,667.17 from these four trades. The Complaint seeks the entry of an order of permanent injunction, enjoining the defendants from violating Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3 thereunder, as well as disgorgement, plus prejudgment interest and the imposition of a civil penalty. [SEC v. Ryan D. Evans and Paul A. Gianamore, USDC, ND Ill., 02-C-0582] (LR-17340)

SELF-REGULATORY ORGANIZATIONS

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGES

An amendment to the National Market System Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (SR-OPRA-2001-05) has been filed by the Options Price Reporting Authority to revise its fee schedule to reflect changes to various fees. Publication of the proposal is expected in the Federal Register during the week of January 28. (Rel. 34-45315)

A proposed rule change filed by the New York Stock Exchange to amend NYSE Rule 440H to conform the Rule with recent amendments to Section 31 of the Securities Exchange Act of 1934 (SR-NYSE-2002-05) has become 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 January 28. (Rel. 34-45332)

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>.

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12,213,001 (\$256,473,021) FOREIGN COMMON STOCK. (FILE 333-14278 - JAN.
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