

SEC NEWS DIGEST

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ENFORCEMENT PROCEEDINGS

CIVIL ACTION FILED AGAINST LE CLUB PRIVE, ET AL.

On August the Commission filed a civil action in the United States District Court in Dallas, Texas to stop an alleged fraudulent Internet pyramid scheme. Disguised as an Internet investment club, Le Club Privé (LCP) and its affiliated persons and entities perpetrated a \$5.6 million unregistered offering fraud against more than 2,000 U.S. investors. Since October 1999, LCP has been soliciting investors through websites to purchase "memberships," claiming to give investors two distinct ways to make money: (1) by providing multilevel marketing (MLM) commissions for the recruitment of new members; and (2) by offering shares of three domestic or offshore mutual funds promising huge returns. On August 24, 2000, U.S. District Judge Jorge A. Solis, entered a temporary restraining order and orders freezing the assets of all defendants and relief defendants and appointing a receiver for any investor funds remaining in U.S. financial institutions. Since the defendants had sought to "hide" behind the Internet to, among other things, frustrate service and had used the Internet to further their scheme, Judge Solis, at the Commission's request, ordered that defendants could be served by electronic mail. To date, more than \$12 million dollars has been frozen pursuant to the Court's orders.

The SEC alleges that LCP, its apparent principals, Zdenek Kieslich (Kieslich), Ron Z. Mendelson (Mendelson) and Eugene G. Chusid (Chusid), and LCP's affiliate, Le Baron Solidarity, S.A. (Le Baron), conducted illegal offerings by selling unregistered MLM memberships and mutual fund shares. Le Baron and its three mutual funds, Le Baron Insured Fund, Le Baron High Income Fund, and Le Baron High Yield Fund (collectively the "Premier Funds"), also illegally sold securities without having registered as investment companies.

Specifically, LCP offered memberships, at a cost of \$1,495 plus \$149 in monthly dues, which purportedly provided investors the opportunity to earn MLM commissions by recruiting new members to the club. Investors were to receive \$500 for each new LCP member that they recruited, and a like amount for every person recruited by their down line members. By becoming a member, each investor also was to gain access to LCP's "backroom," where LCP posts recommendations on various investments. In addition,

investors who “upgraded” to a “Premier Membership,” at an additional cost of \$2,995, were to receive \$1,000 in MLM commissions, as well as access to buy shares in the Premier Funds offered by Le Baron. The Premier Funds promised and, in some instances, “guaranteed” outrageous *monthly* returns ranging from six to 40 percent, without any risk to principal.

The LCP investment club is a sham, with investor funds being diverted by its three principals. Bank and other records reflect that within the past six months, LCP has channeled investor proceeds through accounts controlled by Mendelson and Chusid at five different financial institutions in the United States, several of which have closed the accounts due to suspicious activity. The staff has traced more than \$3.4 million of these funds directly to the LCP principals or other entities that they control. None of the banking or financial transactions reviewed by the staff reflect any *indicia* of legitimate business activity.

The SEC’s complaint charges that LCP, Kieslich, Mendelson, Chusid and Le Baron violated 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. The complaint also charges the Le Baron Insured Fund, Le Baron High Income Fund and Le Baron High Yield Fund for violations of Section 7(a) or, in the alternative, Section 7(d) of the Investment Company Act of 1940, 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 to the emergency relief set out above, the SEC seeks preliminary and permanent injunctions, disgorgement and civil penalties, and repatriation orders against LCP, Kieslich, Mendelson, Chusid and Le Baron. The SEC seeks disgorgement and prejudgment interest against the relief defendants. [SEC v. Le Club Prive S.A., Zcenek Kieslich, Ron Zve Mendelson, Eugene G. Chusid, Le Baron Solidarity, S.A., Le Baron Insured Fund, Le Baron High Income Fund, Le Baron High Yield Fund, Defendants; and Rishon Bank (SC), Rishon Financial Services, S.A. Rishon Investment Corp., M&R Bank Corp., World Wide Trading Group of Companies, Inc., World US Financial Services, Inc., Boris G Chusid, Citadel Bank & Trust Inc., Relief Defendants, Civil Action No. 3:00CV-1851-R] (LR-16665)

INVESTMENT COMPANY ACT RELEASES

COMPLETEL EUROPE N.V.

An order has been issued on an application filed by CompleTel Europe N.V. under section 6(c) of the Investment Company Act of 1940 (Act) exempting applicant from all provisions of the Act until the earlier of one year from August 28, 2000 or the date applicant no longer may be deemed to be an investment company. (Rel. IC-24623 – August 28)

HOLDING COMPANY ACT RELEASES

INDIANA-MICHIGAN POWER COMPANY

A notice has been issued giving interested persons until September 19, 2000 to request a hearing on a proposal by Indiana-Michigan Power Company (I&M), an electric utility subsidiary of American Electric Power Company, Inc., a registered holding company. I&M requests authority to extend its obligations in connection with pollution control financing for its Rockport generating station. (Rel. 35-27222)

NEW ENGLAND POWER SERVICE CO.

A notice has been issued giving interested persons until September 19, 2000 to request a hearing on a proposal by New England Power Service Company (NEPSCO), a direct wholly owned nonutility service company subsidiary of National Grid USA and an indirect wholly-owned subsidiary of The National Grid Group PLC, a registered public utility holding company. Applicant proposes to restructure its capitalization to reduce its equity capital and change the formula for its return on equity. NEPSCO requests Commission authorization through December 31, 2004. (Rel. 35-27222)

CONNECTICUT LIGHT AND POWER COMPANY, ET AL.

A notice has been issued giving interested persons until September 19, 2000 to request a hearing on a proposal by Connecticut Light and Power Company (CLP), Western Massachusetts Electric Company (WME) and Public Service Company of New Hampshire (PSC) (collectively, Applicants), each an electric utility subsidiary company of Northeast Utilities (NU), a registered holding company. Applicants request authority for the issuance of transition bonds and related transactions. (Rel. 35-27222)

VECTREN CORPORATION

A notice has been issued giving interest persons until September 19, 2000 to request a hearing on an application filed under Sections 9(a)(2) and 10 of the Public Utility Holding Company Act by Vectren Corporation, an Indiana public-utility holding company exempt from registration under Section 3(a)(1) of the Act by Rule 2, and its wholly owned subsidiary Vectren Utility Holdings, Inc. (VUHI). The application seeks approvals in connection with the formation of VUHI, which will serve as an intermediate holding company over Vectren's public-utility subsidiaries; and the indirect acquisition, through VUHI, of a public-utility company that will hold certain of the natural gas distribution assets of The Dayton Power & Light Company. In addition, Vectren and VUHI request that the Commission grant each of them an

exemption under Section 3(a)(1) of the Act from all provisions of the Act, except Section 9(a)(2). (Rel. 35-27222)

CINERGY CORPORATION

A notice has been issued giving interested persons until September 19, 2000 to request a hearing on a proposal by Cinergy Corporation (Cinergy), a registered holding company, for Cinergy to distribute rights regarding its common stock under a stockholder rights plan. (Rel. 35-27222)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

The New York Stock Exchange filed a proposed rule change (SR-NYSE-00-17) under Section 19(b)(1) of the Exchange Act. The proposed rule change would allow the NYSE to amend Section 5 of its Listed Company Manual. This section of the Manual pertains to certificate forms and printing and engraving requirements. Publication of the proposal is expected in the Federal Register during the week of August 28, 2000. (Rel. 34-43207)

The Stock Clearing Corporation of Philadelphia filed a proposed rule change (SR-SCCP-00-01) under Section 19(b)(1) of the Securities Exchange Act proposing that holders of Equity Trading Permits issued by the Philadelphia Stock Exchange be eligible to become SCCP participants. Publication of the proposal is expected in the Federal Register during the week of August 28. (Rel. 34-43210)

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change submitted by the Philadelphia Stock Exchange (SR-PHLX-00-08) under Rule 19b-4 of the Securities Exchange Act of 1934 establishing a pilot program relating to price improvement in a decimals environment. (Rel. 34-43206)

DELISTINGS

An order has been issued granting the application of the Philadelphia Stock Exchange to strike from listing and registration call and put option contracts issued by The Options Clearing Corporation with respect to certain underlying securities. (Rel. 34-43208)

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration Stone & Webster, Incorporated, Common Stock, \$1.00 par value. (Rel. 34-43209)

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change under Rule 19b-4 of the Securities Exchange Act of 1934 by the Chicago Board Options Exchange (SR-CBOE-00-18) relating to customer communications. (Rel. 34-43205)

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>.

- F-6 HAVAS ADVERTISING /ADR/, 60 WALL STREET, NEW YORK, NY 10260 -
200,000,000 (\$10,000,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE
333-12396 - AUG. 15) (BR. 99 - NEW ISSUE)
- F-3 ASIA PULP & PAPER CO LTD, 18 PIONEER RD, C/O 1 MARITIME SQUARE #10-
01,
SINGAPORE 639598, U0 (011) 654-7761 - 27,000,000 (\$33,210,000)
FOREIGN COMMON STOCK. (FILE 333-12400 - AUG. 17) (BR. 4)
- F-3 TOPJOBS NET PLC, INNOVATION HOUSE DATEN PARK, BIRCHWOOD,
WARRINGTON WA3 6UT U, X0 (192) 584-4744 - 1,012,837 (\$4,051,348)
FOREIGN COMMON STOCK. (FILE 333-12402 - AUG. 17) (BR. 8)
- F-3 TELESP CELLULAR HOLDING CO, SCN QUADRA CN2, LOTE F, 2 ANDAR SALA
207,
BRASILIA-DF BRAZIL, - 18,173,000,000 (\$271,141,160) FOREIGN COMMON
STOCK.
(FILE 333-12408 - AUG. 18) (BR. 7)
- S-8 MCHENRY METALS GOLF CORP /CA, 1945 CAMINO VIDA ROBLE SUITE J,
CARLSBAD,
CA 92008 (760) 929-0015 - 160,000 (\$33,600) COMMON STOCK. (FILE 333-
44242
- AUG. 22) (BR. 9)
- S-8 REGIONS FINANCIAL CORP, PO BOX 10247, BIRMINGHAM, AL 35202
(205) 944-1300 - 21,133 (\$299,877.27) COMMON STOCK. (FILE 333-44244 -
AUG. 22) (BR. 7)

S-8 GOHEALTH MD INC, 2051 SPRINGDALE RD, CHERRY HILL, NJ 08003
(800) 204-1902 - 350,000 (\$350,000) COMMON STOCK. (FILE 333-44246 -
AUG. 22) (BR. 3)

S-4 ITXC CORP, 600 COLLEGE ROAD EAST, PRINCETON, NJ 08540 (609) 419-1500
-
6,030,535 (\$50,273,000) COMMON STOCK. (FILE 333-44248 - AUG. 22) (BR.
7)

S-8 SMTC CORP, 635 HOOD ROAD, MARKHAM ONTARIO, CANADA L3R 4N6,
(905) 479-1810 - 2,213,499 (\$36,134,558.87) COMMON STOCK. (FILE 333-
44250
- AUG. 22) (BR. 5)

S-3 PHOTOELECTRON CORP, 5 FORBES ROAD, LEXINGTON, MA 02421 (617) 861-
2069 -
2,926,126 (\$16,368,018) COMMON STOCK. (FILE 333-44252 - AUG. 22) (BR.
5)

S-8 SYMS CORP, SYMS WAY, SECAUCUS, NJ 07094 (201) 902-9600 - 500,000
(\$2,065,000) COMMON STOCK. (FILE 333-44254 - AUG. 22) (BR. 2)

S-3 WESTERN RESOURCES INC /KS, 818 KANSAS AVE, TOPEKA, KS 66612
(913) 575-6300 - 6,000,000 (\$109,687,500) COMMON STOCK. (FILE 333-
44256 -
AUG. 22) (BR. 2)

S-4 FARMERS NATIONAL BANC CORP /OH/, 20 S BROAD STREET, P O BOX 555,
CANFIELD, OH 44406 (216) 533-3341 - 3,530,968 (\$14,352,978) COMMON
STOCK.
(FILE 333-44258 - AUG. 22) (BR. 7)

S-8 BUILDING MATERIALS HOLDING CORP, ONE MARKET PLAZA, STEUART TOWER
2650,
SAN FRANCISCO, CA 94105 (415) 227-1650 - 1,100,000 (\$10,516,000)
COMMON STOCK. (FILE 333-44260 - AUG. 22) (BR. 6)

S-8 JUNO ONLINE SERVICES INC, 1540 BROADWAY, NEW YORK, NY 10036
(212) 597-9000 - 3,848,335 (\$18,818,358.15) COMMON STOCK. (FILE 333-
44262
- AUG. 22) (BR. 3)

S-8 CYPRESS SEMICONDUCTOR CORP /DE/, 3901 N FIRST ST, SAN JOSE, CA 95134
(408) 943-2600 - 7,880,987 (\$350,230,973) COMMON STOCK. (FILE 333-
44264 -
AUG. 22) (BR. 5)

S-8 WINN DIXIE STORES INC, 5050 EDGEWOOD CT, JACKSONVILLE, FL 32224
(904) 783-5000 - 1,700,000 (\$34,126,556) COMMON STOCK. (FILE 333-44266
-
AUG. 22) (BR. 2)

SB-2 INTRACO SYSTEMS INC, 3998 FAU BLVD, SUITE 210, BOCA RATON, FL 33431
(561) 367-0600 - 6,575,571 (\$10,372,236.04) COMMON STOCK. (FILE 333-
44268
- AUG. 22) (BR. 9)

- S-3 SCHEIN HENRY INC, 135 DURYEA RD, MELVILLE, NY 11747 (516) 843-5500 -
465,480 (\$8,436,825) COMMON STOCK. (FILE 333-44270 - AUG. 22) (BR. 2)
- S-3 WEATHERFORD INTERNATIONAL INC /NEW/, 515 POST OAK BLVD, SUITE 600,
HOUSTON, TX 77027 (713) 297-8400 - 910,000,000 (\$501,646,600)
CONVERTIBLE DEBENTURES AND NOTES. (FILE 333-44272 - AUG. 22) (BR. 4)
- S-3 COMPUTER MOTION INC, 130 B CREMONA DRIVE, GOLETA, CA 93117
(805) 968-9600 - 594,891 (\$4,814,899) COMMON STOCK. (FILE 333-44274 -
AUG. 22) (BR. 5)
- S-3 CMGI INC, 100 BRICKSTONE SQUARE, STE B110, ANDOVER, MA 01810
(978) 684-3600 - 10,810,911 (\$393,949,596.84) COMMON STOCK. (FILE
333-44276 - AUG. 22) (BR. 2)
- S-2 MALLON RESOURCES CORP, 999 18TH ST STE 1700, DENVER, CO 80202
(303) 293-2333 - 2,875,000 (\$18,867,188) COMMON STOCK. (FILE 333-44278
-
AUG. 22) (BR. 4)
- S-8 GENRAD INC, 7 TECHNOLOGY PARK DR, WESTFORD, MA 01886 (978) 589-7000
-
1,250,000 (\$17,262,723.94) COMMON STOCK. (FILE 333-44282 - AUG. 22)
(BR. 5)
- S-8 US AIRWAYS GROUP INC, 2345 CRYSTAL DR, ARLINGTON, VA 22227
(703) 872-5306 - 3,000,000 (\$106,912,036.87) COMMON STOCK. (FILE
333-44284 - AUG. 22) (BR. 5)
- S-1 MERRILL LYNCH PIERCE FENNER & SMITH INC,
NORTH TOWER WORLD FINANCIAL CENTER,
NORTH TOWER WORLD FINANCIAL CENTER 5TH F, NEW YORK, NY 10281 (212) 449-
6202
- 100,000 (\$10,000,000) COMMON SHARES OF BENEFICIAL INTEREST. (FILE
333-44286 - AUG. 22) (BR. 8)
- S-8 FAR EAST VENTURES INC, 3960 HOWARD HUGHES PARKWAY, 5TH FLOOR, LAS
VEGAS,
NV 89109 (702) 990-3600 - 800,000 (\$240,000) COMMON STOCK. (FILE
333-44288 - AUG. 23) (BR. 9)