

# SEC NEWS DIGEST

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## COMMISSION ANNOUNCEMENTS

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### SEC LAUNCHES MODERNIZED WEBSITE

**New site includes improved search engines and navigation features**

Securities and Exchange Commission Acting Chairman Laura S. Unger today announced the launch of a newly modernized SEC website.

The enhanced website features streamlined graphics for quicker downloads, two new search engines, and an improved design layout that speeds navigation by arranging information for specific groups of users, including individual investors, brokers, accountants, attorneys, and corporate officers.

"Millions of American investors, investment professionals, and business leaders have already come to rely on the SEC's website for a wealth of information about personal finance, the stock markets, and securities regulation," Unger said. "As technology continues to revolutionize investing, it's critical that we keep pace."

The SEC website ([www.sec.gov](http://www.sec.gov)) was launched in September 1995 to offer the public prompt and easy access to information about Commission actions, corporate filings, agency rules, staff interpretations, and investor education materials. The site currently holds more than 1.7 million documents and receives about a million "hits" daily. (Press Rel. 2001-22)

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## ENFORCEMENT PROCEEDINGS

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### IN THE MATTER OF ALLAN SCHAEFER

On February 23, the Commission instituted and simultaneously settled a public administrative proceeding against Allan G. Schaefer. The proceeding was based on an injunction entered against Schaefer in a Commission action filed on December 5, 2000 in the United States District Court for the Southern District of New York. The Commission's complaint in the injunctive action alleged that in February 1997 Schaefer illegally tipped two associates to trade on material, non-public information regarding Scholastic Corporation's earnings shortfall for the third quarter of fiscal 1997, which

Scholastic disclosed to the public the day after Schaefer's tip. The Commission also alleged that Schaefer had obtained the information from his sister, Leslye Schaefer, an officer of Scholastic Productions, a wholly-owned subsidiary of Scholastic, and that Schaefer's associates reaped illicit profits of approximately \$141,693 from Schaefer's tip.

In the injunctive action, Schaefer consented, without admitting or denying the Commission's allegations, to a court order permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Schaefer also agreed to pay a \$50,000 civil money penalty. Schaefer's sister and two associates also consented, without admitting or denying the Commission's allegations, to permanent injunctions and to pay \$141,693.75 in disgorgement and \$137,343.75 in civil money penalties (Rel. 34-43997; File No. 3-10427)

### **SEC v. DAVID FITZGERALD AND PACIFIC GENESIS GROUP, INC.**

The Commission announced that on February 16 the Honorable Charles R. Breyer, U.S. District Court Judge for the Northern District of California entered an order halting a \$135 million offering of municipal bonds underwritten by Pacific Genesis Group, Inc. and its Chairman David E. Fitzgerald by requiring that all proceeds raised in the offering be immediately returned to investors. The order further prohibits these defendants from future conduct in violation of Section 17(a) of the Securities Act of 1933 and requires that they submit written marketing materials to the Commission seven days prior to offering any other bonds secured by the same development project

The order, which entered a permanent injunction, was based upon Judge Breyer's February 14 finding that the defendants violated Sections 17(a)(2) and (3) of the Securities Act, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 by making fraudulent and negligent misrepresentations in the Official Statement for the offering. The Court's ruling came after a seven-day trial on the defendants' role in underwriting the most recent in a series of nine municipal bond offerings for the proposed Rancho Lucerne Master Planned Community located in the desert region of San Bernardino County California. The order also holds that prior to selling or offering any additional or existing bonds pertaining to Rancho Lucerne the defendants are required to provide the Commission with all information to be used in connection with the sale or offer of such bonds. Litigation is still pending with respect to the Commission's claims for disgorgement and penalties for the ninth offering, as well as for all claims against the defendants for their role in underwriting the eight previous offerings for Rancho Lucerne.

On December 27, 2000, the Commission filed its complaint in federal district court in San Francisco alleging that the defendants violated the antifraud provisions of the federal securities laws in connection with all nine offerings for a total of over \$83.5 million in tax-exempt municipal bonds to finance Rancho Lucerne. According to the complaint, four years after the first offering, not a single road has been paved, no homes have been built and not a single residential lot has been sold to a homebuilder. [SEC v. David E. Fitzgerald and Pacific Genesis Group, Inc., USDC, NDCA, Case No. C 00-4802, CRB] (LR-16907)

## SEC v. EDWARD GURIN, JOSHUA GURIN AND TRINARC CORPORATION

The Commission announced that it filed today a complaint in the United States District Court for the Southern District of New York charging two New York City residents, and a newly formed company based in New York, with various schemes to defraud purchasers of unregistered, and in some cases non-existent, securities of private companies. Named in the complaint are (1) Edward Gurin, a resident of New York, New York; (2) Trinarc Corporation, a computer start-up company headed by Edward Gurin; and (3) Dr. Joshua Gurin, a resident of New York, New York, and the father of Edward Gurin. The complaint charges that through their fraudulently offerings of securities, the defendants collectively raised over \$12 million from at least eight investors. The Commission simultaneously filed an emergency application asking the Court, among other things, to 1) temporarily and preliminarily enjoin defendants Edward Gurin and Trinarc Corporation from committing the violations alleged in the complaint, 2) freeze the assets of Edward Gurin and Trinarc Corporation (to the extent Trinarc Corporation has funds raised from investors), 3) direct Edward Gurin and Trinarc Corporation to provide an accounting, 4) order Edward Gurin to repatriate assets held outside the United States, and 5) permit expedited discovery and prohibit the destruction of documents

The complaint alleges that over the past several weeks Edward Gurin has sought to raise several hundred thousand dollars through two major misrepresentations in the offer of Trinarc stock. First, Edward Gurin has misrepresented that Trinarc has a contract to supply \$35 million worth of computers to schools in Mexico as part of an arrangement involving the United States Department of Commerce, International Business Machines Corporation, and an initiative supposedly called "e-NAFTA." In fact, Trinarc has no such contract. Second, he has represented that Trinarc is planning an initial public offering (IPO) for the autumn of 2001, has received a letter of intent from Credit Suisse First Boston Corporation (CSFB) to underwrite the offering, and has secured the interest of other investment banks. Neither CSFB, nor other investment banks mentioned by E. Gurin, have even heard of Trinarc, let alone signed a letter of intent to participate in an IPO for the company.

The complaint alleges that Edward and Joshua Gurin have made similar misrepresentations in earlier offerings. In late 1999, they obtained \$300,000 from an investor by purporting to sell him Trinarc common stock and by predicting that Trinarc would launch an IPO in 2001 at \$10 per share. At the time, Trinarc was not even incorporated, let alone sufficiently developed to support predictions of an IPO or price projections of \$10 per share. During the spring of 2000, Edward Gurin, aided by Joshua Gurin, fraudulently raised at least \$755,000 from several investors by selling them warrants purportedly issued by Actium Pharmaceuticals, Inc., a drug company. The offering was a sham because Actium never issued any warrants. Not only did the Gurins (a) lie about the existence of these securities, but they also (b) falsely represented that Actium was being acquired by a German company, "Schering-Haas Ventures;" (c) baselessly promised that investors would double or triple their money in days or weeks; and (d) claimed that investor funds were guaranteed, would be held in escrow or in an account in Great Britain, and would be returned in days – when, in fact, the money soon

disappeared after being deposited into accounts of the Gurins and into an account at a Nigerian bank. Through similar lies, the Gurins also defrauded investors into buying Actium common stock in 1999 and investing in warrants of a supposed "Devon Asset Management LTD." in the spring of 2000.

As a result of the foregoing, the Commission alleges that Edward Gurin, Joshua Gurin and Trinarc committed securities fraud in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5. In addition to the interim relief sought in the application filed today, the Commission seeks a Final Judgment against the defendants: (i) enjoining them from future violations of the above-cited provisions; (ii) requiring the disgorgement of all of their ill-gotten gains, plus pre-judgment interest; and (iii) assessing civil penalties against them

The Commission acknowledges the assistance of the United States Attorney's Office for the Southern District of New York and the Federal Bureau of Investigation in this matter. The Commission's action is pending against all parties. [SEC v. Edward Gurin, Joshua Gurin, and Trinarc Corporation, 01 Civ. 1649, WK, SDNY] (LR-16908)

## RECENT 8K FILINGS

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 FD Disclosure.

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		
ADOLOR CORP						X			X		02/20/01	
ALLEN TEST INC NEW NAME 2	IN			X							12/31/98	
AMERICAN HONDA RECEIVABLES CORP	CA				X		X				02/23/01	
AMERICAN SKIING CO /ME	DE		X					X			02/23/01	
AMERISOURCE TECHNOLOGIES INC	DE				X						01/31/01	
AMERUS GROUP CO/IA	IA				X						02/19/01	
ANKER COAL GROUP INC	DE					X		X			02/23/01	

NAME OF ISSUER	STATE	8K ITEM NO.									DATE	COMMENT
	CODE	1	2	3	4	5	6	7	8	9		
ANSOFT CORP	PA					X					02/13/01	
ARCH WIRELESS INC	DE					X					02/13/01	
ATRIX LABORATORIES INC	DE					X	X				12/29/00	
AURORA GOLD CORP	DE					X					02/23/01	
BANK ONE CORP	DE				X			X			02/23/01	
BEPARIKO BICOM	NV							X			02/15/01	
BEST BUY CO INC	MN					X					02/01/01	
BIOTRANSPLANT INC	DE					X	X				02/21/01	
BLUE WAVE SYSTEMS INC	DE					X	X		X		02/21/01	
BOEING CAPITAL CORP	DE	X									12/31/00	
BROADWING INC	OH					X	X				02/20/01	
BUSYBOX COM INC	DE					X	X				02/17/01	
CAVION TECHNOLOGIES INC	CO			X		X					02/16/01	
CHART HOUSE ENTERPRISES INC	DE					X	X				02/20/01	
CIRUS TELECOM INC	DE	X			X			X			02/16/01	
CITICORP MORTGAGE SECURITIES INC	DE		X								02/23/01	
CMS ENERGY CORP	MI	X									02/23/00	
CNH CAPITAL RECEIVABLES INC							X	X			02/15/01	
CNH RECEIVABLES INC	DE					X	X				02/15/01	
COMMODORE ENVIRONMENTAL SERVICES IN C /DE/	DE					X					02/06/01	
CONOCO INC /DE	DE					X	X				02/21/01	
CONSUMERS ENERGY CO	MI	X									02/23/00	
CORNING INC /NY	NY		X								12/12/00	AMEND
COVANCE INC	DE		X					X			02/14/01	
CWABS INC	DE					X	X				02/23/01	
CWMBS INC	DE					X	X				01/29/01	
CWMBS INC	DE							X			02/12/01	
CYSIVE INC	DE					X	X				02/15/01	
DATAMETRICS CORP	DE					X					01/31/01	
DEPARTMENT 56 INC	DE					X	X				02/22/01	
DIAL CORP /NEW/	DE	X									02/23/01	
DITA INC	NV				X			X			02/15/01	
EAGLE FOOD CENTERS INC	DE							X			02/12/01	
EL PASO CORP/DE	DE					X	X				02/23/01	
EMPIRE DISTRICT ELECTRIC CO	KS			X							02/23/01	
EOG RESOURCES INC	DE					X					02/23/01	
EXODUS COMMUNICATIONS INC	DE					X	X				02/05/01	
FIELDPOINT PETROLEUM CORP	CO	X						X			12/13/00	AMEND
FINANCIAL ASSET SECURITIES CORP	DE					X	X				02/23/01	
FIRST COMMUNITY BANCSHARES INC /NV/	NV					X					02/23/01	
FIRST ENTERTAINMENT HOLDING CORP	NV		X								02/05/01	
FIRST UNION COMMERCIAL MORTGAGE SEC URITIES INC	NC	X									01/16/01	
FORTUNE BRANDS INC	DE							X	X		02/23/01	
FURNITURE BRANDS INTERNATIONAL INC	DE		X								02/23/01	
GABLES REALTY LIMITED PARTNERSHIP	DE					X	X				02/22/01	
GABLES RESIDENTIAL TRUST	MD					X	X				02/22/01	
GALILEO INTERNATIONAL INC	DE					X	X				02/22/01	
GAMOGEN INC	NY				X						02/07/01	AMEND
GARDEN FRESH RESTAURANT CORP /DE/	DE					X	X				02/15/01	
GENERAL MAGIC INC	DE					X	X				02/21/01	
GENERAL MOTORS CORP	DE								X		02/22/01	

NAME OF ISSUER	STATE	8K ITEM NO.									DATE	COMMENT
	CODE	1	2	3	4	5	6	7	8	9		
GEORGIA POWER CO	GA					X		X			02/16/01	
GERBER SCIENTIFIC INC	CT					X					02/23/01	
GLOBAL TECHNOLOGIES LTD	DF					X					02/05/01	AMEND
GLOBALNETCARE INC	FL							X			01/31/01	
GMAC COMMERCIAL MORTGAGE SECURITIES INC	DE	X									01/16/01	
GOLDEN TRIANGLE INDUSTRIES INC/	CO		X								10/31/00	
GRACE DEVELOPMENT INC	CO					X					02/01/01	
GREENWICH CAPITAL ACCEPTANCE INC	DE					X		X			02/23/01	
HARRIS INTERACTIVE INC	DE					X		X			02/13/01	
HCC INSURANCE HOLDINGS INC/DE/	DE					X		X			02/22/01	
HEALTHCARE REALTY TRUST INC	MD					X					02/23/01	
HERCULES INC	DE								X		02/23/01	
IDACORP INC	ID					X		X			02/23/01	
IDAHO POWER CO	ID					X		X			02/23/01	
IEXALT INC	NV		X					X			02/10/01	
IHOP CORP	DE								X		02/22/01	
IMAGEX SERVICES INC	NV	X	X	X							08/04/99	
INCYTE GENOMICS INC	DE	X									02/23/01	
INFOTOPIA INC	NV								X		02/23/01	
INSILCO HOLDING CO	DE					X		X			02/23/01	
INSILCO TECHNOLOGIES INC	DF					X		X			02/23/01	
INTERNATIONAL MENU SOLUTIONS CORP	NV	X						X		X	02/13/01	
INTERNET LAW LIBRARY INC	DE					X	X	X			02/19/01	
IVAX CORP /DE	FL		X								02/09/01	
JDA SOFTWARE GROUP INC	DE		X					X			02/23/01	AMEND
JDS UNIPHASE CORP /CA/	DE		X					X			02/13/01	
LEHMAN ABS CORP	DE					X		X			02/23/01	
LNR PROPERTY CORP	DE							X			02/23/01	
LOWES COMPANIES INC	NC					X		X			02/23/01	
LSI COMMUNICATIONS INC	NV					X					02/22/01	
MAIN STREET TRUST INC	IL					X		X			02/23/01	
MANGOSOFT INC	NV					X					01/29/01	
MED WASTE INC	DE					X		X			02/23/01	AMEND
MEDIWARE INFORMATION SYSTEMS INC	NY					X					01/31/01	
MERISTAR HOTELS & RESORTS INC	DE					X		X			02/21/01	
MINNESOTA MINING & MANUFACTURING CO	DE					X		X			02/22/01	
NETCOMMERCE INC	NV					X					02/16/01	
NETWORK CONNECTION INC	GA					X					02/05/01	AMEND
NOBLE INTERNATIONAL LTD	DE					X					02/23/01	
NORTHERN TRUST CORP	DF					X		X			02/23/01	
NORTHPOINT COMMUNICATIONS GROUP INC	DE					X		X			02/23/01	
OVERSEAS PARTNERS LTD						X		X			02/23/01	
PEOPLESWAY COM INC	NV					X					01/31/01	
PERCEPTRON INC/MI	MI					X					02/12/01	
PLANET ZANETT INC		X						X			02/09/01	
POLAROID CORP	DE					X		X			02/22/01	
POWERCERV CORP	FL					X					02/16/01	
PULTE CORP	MI					X		X			02/23/01	
QUIZNOS CORP	CO					X					02/22/01	
QUOKKA SPORTS INC	DE					X		X			02/22/01	
R&B FALCON CORP	DE					X		X			02/23/01	
RARE HOSPITALITY INTERNATIONAL INC	GA					X		X			02/22/01	

NAME OF ISSUER	STATE	BK ITEM NO.									DATE	COMMENT
	CODE	1	2	3	4	5	6	7	8	9		
RESIDENTIAL ACCREDIT LOANS INC	DE				X	X					02/23/01	
RESIDENTIAL FUNDING MORTGAGE SECURI TIES I INC	DE				X	X					02/22/01	
RETURN ON INVESTMENT CORP	DE				X						02/09/01	
REUNION INDUSTRIES INC	DE	X									02/23/01	
RUSSELL-STANLEY HOLDINGS INC	DE				X	X					02/15/01	
SALOMON BROTHERS COMMERCIAL MORT TR 2000-C3	DE	X									01/16/01	
SAMSONITE CORP/FL	DE				X	X					02/23/01	
SAN JOAQUIN RESOURCES INC	NV	X	X		X	X					01/31/01	AMEND
SAUER DANFOSS INC	DE				X						02/22/01	
SHURGARD STORAGE CENTERS INC	WA				X	X					02/22/01	
SIRIUS SATELLITE RADIO INC	DE				X	X					02/23/01	
SOUTH STREET FINANCIAL CORP	NC				X						02/21/01	
SPRINGS INDUSTRIES INC	SC				X	X					02/20/01	
STAR SERVICES GROUP INC	FL		X			X					12/26/00	AMEND
STRATESEC INC	DE				X		X				02/15/01	
SUNBURST ACQUISITIONS IV INC	CO	X									12/04/00	AMEND
THOMAS & BETTS CORP	TN				X	X					02/21/01	
TRANSOCEAN SEDCO FOREX INC	TX				X	X					02/23/01	
TRANSWITCH CORP /DE	DE				X	X					02/23/01	
U S REALTEL INC	DE		X		X	X					12/08/00	AMEND
UNION PLANTERS CORP	TN				X	X					02/22/01	
UNITED DOMINION INDUSTRIES LIMITED					X						02/16/01	
UNOVA INC	DE				X	X					02/08/01	
UTILICORP UNITED INC	DE				X	X					02/23/01	
VANGUARD AIRLINES INC \DE\	DE	X									02/13/01	
VION PHARMACEUTICALS INC	DE				X	X					02/21/01	
VORNADO REALTY TRUST	MD				X	X					02/22/01	
WASHINGTON GAS LIGHT CO	DC				X						02/22/01	
WEBLINK WIRELESS INC	DE					X	X				02/23/01	
WELLS FARGO ASSET SECURITIES CORP	DE				X	X					02/22/01	
WELLS FARGO ASSET SECURITIES CORP	DE				X	X					02/22/01	
WESBANCO INC	WV					X					02/22/01	
WESTELL TECHNOLOGIES INC	DE				X		X				02/16/01	
WGL HOLDINGS INC	VA				X						02/22/01	
XCEL ENERGY INC	MN				X						02/22/01	
XEROX CORP	NY				X						02/09/01	
XL CAPITAL LTD					X						02/16/01	
XTRA CORP /DE/	DE				X						02/23/01	
YANG HOLDING CO	FL				X		X				02/20/01	AMEND