

SEC NEWS DIGEST

Issue 2001-12

January 18, 2001

ENFORCEMENT PROCEEDINGS

SEC v. DAVID LIPSON

David E. Lipson, the former chairman and chief executive officer of Supercuts, Inc. who was found liable for insider trading, was ordered to pay the maximum civil penalty allowed by law and was permanently enjoined from future violations of antifraud provisions of the federal securities laws by Judge Ronald A. Guzman of the United States District Court for Northern Illinois (Chicago). Lipson also was ordered to disgorge all of his losses avoided by selling Supercuts stock -- \$621,875 -- and to pay interest on that amount. In total, Lipson was ordered to pay \$2,835,597 as a result of his insider trading.

Judge Guzman's order, which was issued on January 11, 2001, resulted from an 11-day jury trial which concluded on April 26, 2000 with a verdict that Lipson 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 -- the laws against insider trading. However, the Court did not determine Lipson's sanctions at that time. Judge Guzman also ruled on January 11 that Lipson violated Section 16(a) and Rules 16a-2 and 16a-3 thereunder, which require reporting of securities transactions by officers, directors and holders of more than 10 percent of public company stock. That issue was not presented to the jury. Lipson was enjoined from further violations of those provisions, also.

The Commission's complaint alleged that Lipson violated these antifraud and reporting provisions when he sold 365,000 shares of Supercuts stock through an account in his son's name shortly before Supercuts announced its earnings for the first quarter of 1995. Supercuts earned seven cents per share for the quarter, significantly below Wall Street analyst projections of 17 to 18 cents per share. Lipson was found liable for selling the stock on four separate occasions in March and April 1995. The Court concluded that Lipson avoided losses of \$621,875 by selling shares earlier. He was ordered to disgorge that amount and, in addition, pay a \$1,865,625 civil penalty, triple his losses avoided and the maximum amount permitted under the Securities Exchange Act.

Judge Guzman also enjoined Lipson from future violations of the reporting provisions. Lipson failed to file such reports for the four sales of Supercuts stock sold through his son's brokerage account. Section 16(a) reporting is intended to alert the investing public to when insiders are buying or selling securities of the companies in which they are insiders or large investors. Judge Guzman also ordered Lipson to pay \$348,097 as prejudgment interest on his avoided losses. See also Litigation Release No. 16528, 72 S E C Docket 741 (April 27, 2000) [SEC v. David E. Lipson, Civil Action No. 97 C 2661, RAG, N D Ill.] (LR-16861)

COURT FREEZES PROCEEDS OF ALLEGED INSIDER TRADING IN RALSTON PURINA OPTIONS

SEC Obtains Emergency Order Freezing Over \$300,000 In Potential Profits From Trading Through Swiss Banks Before Tuesday's Acquisition Announcement

The Commission today announced that the U.S. District Court for the Southern District of New York entered a temporary restraining order Wednesday afternoon against unknown persons who traded through Swiss banks in Ralston Purina options before Tuesday's announcement that Nestlé S.A. would acquire Ralston Purina. The order temporarily prohibits the traders from obtaining or disposing of the proceeds from their trading.

The Commission's complaint alleges that highly profitable trades in Ralston Purina options were made anonymously through Swiss bank accounts beginning November 14, 2000, just five days after confidential merger discussions began between Ralston Purina and giant Swiss food company Nestlé S.A. Several of the options trades were placed in the last two trading days before Tuesday's announcement that Nestlé would acquire all of the outstanding shares of Ralston Purina for \$33.50 per share in cash, a 36% premium over the closing price of Ralston Purina common stock the previous trading day. The defendants' purchases represented an overwhelming percentage of the total trading volume in certain Ralston Purina call options on the relevant days. Profits from the trades can potentially exceed \$300,000.

The Commission's lawsuit charges the unknown traders with violating two antifraud provisions of the federal securities laws, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. As relief, the Commission seeks a permanent prohibitory injunction, the disgorgement of all illegal profits, and the imposition of civil monetary penalties.

The court's temporary restraining order prohibits the removal of the proceeds from the U.S. brokerage accounts through which the Swiss banks executed the trades, pending a January 26 hearing on the Commission's application for a preliminary injunction. In addition, the court's order imposes an expedited discovery schedule and prohibits the defendants from destroying documents.

The Commission's investigation into these matters is continuing. The Commission gratefully acknowledges the assistance of the Chicago Board Options Exchange in this matter [SEC v One or More Unknown Traders of Options on Common Stock of Ralston Purina Co, 01 Civ 0339, JSM, SDNY] (LR-16862)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

A proposed rule change has been filed by the New York Stock Exchange (SR-NYSE-00-58) relating to an interpretation with respect to Rule 342 ("Offices – Approval, Supervision, and Control"). Publication of the proposal is expected in the Federal Register during the week of January 15 (Rel 34-43834)

The Chicago Stock Exchange filed a proposed rule change (SR-CHX-00-31) relating to its preopening orders. Publication of the proposal is expected in the Federal Register during the week of January 15 (Rel 34-43835)

A proposed rule change (SR-CBOE-00-61) filed by the Chicago Board Options Exchange to change the capitalization transfer fee applicable to Designated Primary Market Makers has been filed under Section 19(b)(2) of the Securities Exchange Act of 1934. Publication of the notice is expected in the Federal Register during the week of January 15 (Rel 34-43839)

ACCELERATED APPROVAL OF PROPOSED RULE CHANGES

The Commission granted accelerated approval to a proposed rule change (SR-PCX-00-33) submitted by the Pacific Exchange relating to its policy governing the use of member-owned or Exchange-owned telephones on the trading floor with respect to communications at option trading posts. Publication of the notice is expected in the Federal Register is expected during the week of January 15 (Rel 34-43836)

The Commission granted accelerated approval to a proposed rule change (SR-OCC-00-12) submitted by the The Options Clearing Corporation which allows OCC to create a program to relieve strains on clearing members' liquidity in heavy expiration months by reducing inefficiencies in the exercise settlement process. Publication of the notice is expected in the Federal Register is expected during the week of January 15 (Rel 34-43837)

The Commission granted accelerated approval to a proposed rule change submitted by the New York Stock Exchange (SR-NYSE-00-55) allowing firm delivery of the Regulatory Element of the Continuing Education Program (Rel 34-43838)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change (SR-BSE-00-19) filed by the Boston Stock Exchange relating to a \$1,000 monthly Electronic Trading Permit (ETP) fee charged to members for each trader trading pursuant to an ETP from a remote location has become effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the proposal in the Federal Register is expected during the week of January 15 (Rel 34-43840)

JOINT INDUSTRY PLANS

On January 9, 2001, pursuant to Rule 11Aa3-2 of the Securities Exchange Act of 1934, the Consolidated Tape Association (CTA) submitted an amendment to the CTA Plan to modify the Network B ticker charges (SR-CTA-01-01) Publication of the notice in the Federal Register is expected during the week of January 15 (Rel 34-43841)

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-10 MICROCELL TELECOMMUNICATIONS INC, 1250 RENE-LEVESQUE BLVD WEST STE
400,
MONTREAL QUEBEC, H3B 4W5, E6 00000 (514) 937-2121 - 4,000,000
(\$77,250,000) FOREIGN COMMON STOCK. (FILE 333-13048 - JAN. 10) (BR. 7)

S-B ISRAEL STATE OF, 800 SECOND AVENUE 17TH FLOOR, NEW YORK, NY 10017
(212) 560-0600 - 105,066,667 (\$105,066,667) STRAIGHT BONDS. (FILE
333-13054 - JAN. 10) (BR. 99)

S-B ISRAEL STATE OF, 800 SECOND AVENUE 17TH FLOOR, NEW YORK, NY 10017
(212) 560-0600 - 300,000,000 (\$300,000,000) STRAIGHT BONDS. (FILE
333-13056 - JAN. 10) (BR. 99)

S-3 TAKE TWO INTERACTIVE SOFTWARE INC, 575 BROADWAY, 6TH FLOOR, NEW
YORK, NY
10012 (212) 334-6633 - 557,103 (\$6,320,334) COMMON STOCK. (FILE 333-
53514
- JAN. 11 (BR. 3)

SB-2 MERCADO INDUSTRIES INX, 14601 BELLAIRE BLVD, SUITE 338, HOUSTON, TX
77083 (713) 253-7988 - 3,000,000 (\$75,000) FOREIGN COMMON STOCK. (FILE
333-53516 - JAN. 11) (BR. 9 - NEW ISSUE)

S-8 EUFAULA BANCORP INC, 224 EAST BROAD STREET, EUFAULA, AL 36027
(205) 687-3581 - 87,000 (\$679,687.50) COMMON STOCK. (FILE 333-53518 -
JAN. 11) (BR. 7)

S-8 EUFAULA BANCORP INC, 224 EAST BROAD STREET, EUFAULA, AL 36027
(205) 687-3581 - 50,000 (\$390,625) COMMON STOCK. (FILE 333-53520 -
JAN. 11) (BR. 7)

S-3 SPECTRASITE HOLDINGS INC, 100 REGENCY FOREST DR, STE 400, CARY, NC
27511
(919) 468-0112 - 180,781,250 (\$180,781,250)
CONVERTIBLE DEBENTURES AND NOTES. (FILE 333-53522 - JAN. 11) (BR. 7)

S-8 ALPHATRADE COM, 400 B 111 WEST GEORGIA ST, VANCOUVER, (604) 681-7503
-
1,150,000 (\$115,000) COMMON STOCK. (FILE 333-53524 - JAN. 11) (BR. 9)

S-8 MURDOCK GROUP CAREER SATISFACTION CORP, 5295 S COMMERCE DR, STE 300,
SALT LAKE CITY, UT 84107 (801) 268-3232 - 700,000 (\$28,000) COMMON
STOCK.
(FILE 333-53526 - JAN. 11) (BR. 9)

S-8 HEALTHBRIDGE INC, 1177 WEST HASTINGS ST #1818,
VANCOUVER BRITISH COLUMBIA, V6E 2K3, (604) 602-1717 - 150,000
(\$112,500)
COMMON STOCK. (FILE 333-53528 - JAN. 11) (BR. 9)

S-8 CIPHERGEN BIOSYSTEMS INC, 490 SAN ANTONIO RD, STE 201, PALO ALTO, CA
94306 (650) 496-3770 - 2,797,216 (\$12,427,752.96) COMMON STOCK. (FILE
333-53530 - JAN. 11) (BR. 1)

S-1 SWEETWATER FINANCIAL GROUP INC, 4485 N. TOWN SQUARE, SUITE 102,
POWDER SPRINGS, GA 30127 (770) 943-1400 - 1,000,000 (\$10,000,000)
COMMON STOCK. (FILE 333-53536 - JAN. 11) (NEW ISSUE)

S-3 TITAN PHARMACEUTICALS INC, 400 OYSTER POINT BLVD, SUITE 505,
SAN FRANCISCO, CA 94080 (415) 244-4990 - 93,590 (\$2,150,698) COMMON
STOCK.
(FILE 333-53538 - JAN. 11) (BR. 1)

S-3 TRIMEDYNE INC, 2801 BARRANCA ROAD, P O BOX 57001, IRVINE, CA 92619
(714) 559-5300 - 506,000 (\$553,564) COMMON STOCK. (FILE 333-53540 -
JAN. 11) (BR. 5)

SB-2 INFOTOPIA INC, 218 TEARALL, RAYNHAM, MA 02767 (508) 884-8173 -
34,745,000 (\$5,559,200) COMMON STOCK. (FILE 333-53542 - JAN. 11) (BR.
9)

S-4 NETCONNECT SYSTEMS INC, 2503 WEST GARDNER COURT, TAMPA, FL 33611
(813) 931-9348 - 20,250,000 COMMON STOCK. (FILE 333-53544 - JAN. 11)
NEW ISSUE

S-8 TRIPATH TECHNOLOGY INC, 2041 MISSION COLLEGE BLVD 159, 408-567-3000,
SANTA CLARA, CA 95054 - 11,822,911 (\$103,872,363.89) COMMON STOCK.
(FILE 333-53552 - JAN. 11) (BR. 5)

S-3 ENTERGY MISSISSIPPI INC, 308 EAST PEARL STREET, JACKSON, MS 39201
(601) 368-5000 - 55,000,000 (\$485,000,000) STRAIGHT BONDS. (FILE
333-53554 - JAN. 11) (BR. 2)

S-8 FIRST ENTERTAINMENT HOLDING CORP, 5495 MARION ST, DENVER, CO 80216
(303) 382-1500 - 23,500,000 (\$258,500) COMMON STOCK. (FILE 333-53556 -
JAN. 11) (BR. 5)

S-3 INTERLEUKIN GENETICS INC, 100 NE LOOP 410, STE 820, SAN ANTONIO, TX
78216 (210) 349-6400 - 677,966 (\$1,885,593) COMMON STOCK. (FILE 333-
53558 - JAN. 11) (BR. 9)

S-8 AVICI SYSTEMS INC, 101 BILLERICA AVENUE, NORTH BILLERICA, MA 01862
(978) 964-2000 - 257,304 (\$5,187,248.64) COMMON STOCK. (FILE 333-53560
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JAN. 11) (BR. 5)

S-8 KENNAMETAL INC, 1600 TECHNOLOGY WAY, P O BOX 231, LATROBE, PA 15650
(724) 539-5000 - 1,500,000 (\$43,125,000) COMMON STOCK. (FILE 333-53562
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JAN. 11) (BR. 5)

S-8 AOL TIME WARNER INC, 75 ROCKEFELLER PLAZA, NEW YORK, NY 10019 -
75,154,968 (\$883,822,423.68) COMMON STOCK. (FILE 333-53564 - JAN. 11)
(BR. 3)

S-8 SWIFT TRANSPORTATION CO INC, 1455 HUDA WAY, SPARKS, NV 89431
(602) 269-9700 - 1,500,000 (\$33,094,500) COMMON STOCK. (FILE 333-53566
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JAN. 11) (BR. 5)

S-8 AOL TIME WARNER INC, 75 ROCKEFELLER PLAZA, NEW YORK, NY 10019 -
125,241,187 (\$3,842,399,617.16) COMMON STOCK. (FILE 333-53568 - JAN.
11)
(BR. 3)

S-8 INTERWEST HOME MEDICAL INC, 235 EAST 6100 SOUTH, SALT LAKE CITY, UT
84047 (801) 262-5661 - 1,060,000 (\$3,372,000) COMMON STOCK. (FILE
333-53570 - JAN. 11) (BR. 1)

S-8 AOL TIME WARNER INC, 75 ROCKEFELLER PLAZA, NEW YORK, NY 10019 -
455,561,786 (\$1,588,261,819) COMMON STOCK. (FILE 333-53572 - JAN. 11)
(BR. 3)

S-8 AOL TIME WARNER INC, 75 ROCKEFELLER PLAZA, NEW YORK, NY 10019 -
5,759,414 (\$229,397,460) OTHER SECURITIES INCLUDING VOTING TRUST.
(FILE 333-53574 - JAN. 11) (BR. 3)

S-8 AOL TIME WARNER INC, 75 ROCKEFELLER PLAZA, NEW YORK, NY 10019 -
16,070,176 (\$345,669,485.76) COMMON STOCK. (FILE 333-53576 - JAN. 11)
(BR. 3)

S-8 AOL TIME WARNER INC, 75 ROCKEFELLER PLAZA, NEW YORK, NY 10019 -
3,004,731 (\$119,678,436) OTHER SECURITIES INCLUDING VOTING TRUST.
(FILE 333-53578 - JAN. 11) (BR. 3)

S-8 AOL TIME WARNER INC, 75 ROCKEFELLER PLAZA, NEW YORK, NY 10019 -
100,000,000 (\$100,000,000) OTHER SECURITIES INCLUDING VOTING TRUST.
(FILE 333-53580 - JAN. 11) (BR. 3)

S-1 INCARA PHARMACEUTICALS CORP, 3200 E HIGHWAY STE 300,
PO BOX 14287 CAPE FEAR BLDG STE 101, RESEARCH TRIANGLE PK, NC 27709
(919) 558-8688 - 175,000 (\$371,875) COMMON STOCK. (FILE 333-53582 -
JAN. 11) (BR. 1)

S-8 LSI LOGIC CORP, 1551 MCCARTHY BLVD, MS D 106, MILPITAS, CA 95035
(408) 433-8000 - 12,000,000 (\$245,640,000) COMMON STOCK. (FILE 333-
53584 - JAN. 11) (BR. 5)

S-8 THOR VENTURES CORP, 24843 DEL PRADO, STE 318, DANA POINT, CA 92629
(949) 248-1765 - 200,000 (\$200,000) COMMON STOCK. (FILE 333-53586 -
JAN. 12) (BR. 9)