

SEC NEWS DIGEST

Issue 2000-13

January 20, 2000

ENFORCEMENT PROCEEDINGS

GKN SECURITIES CORP. ORDERED TO COMPLY WITH SEC ORDER

On January 19, the Commission announced that the Honorable Milton Pollack, Senior United States District Judge, Southern District of New York, ordered GKN Securities Corp., a registered broker-dealer headquartered in New York City, to comply with an order that the Commission had issued against GKN on January 15, 1997. Without admitting or denying the allegations in the Commission's complaint, GKN consented to the court's order which was entered on December 29, 1999. According to the Commission's complaint, the Commission's January 15, 1997 order required GKN to 1) implement and maintain policies and procedures reasonably designed to detect and prevent the types of sales practice abuses which gave rise to the Commission proceeding; 2) retain an independent consultant to prepare a report containing recommendations about the firm's supervisory and compliance policies and procedures; and 3) adopt all recommendations contained in the independent consultant's report. (In the Matter of GKN Securities Corp. et al., Rel. 34-38173). The complaint further alleged that a recent Commission examination revealed that GKN either failed to comply, or failed to comply fully, with certain of the independent consultant's recommendations relating to supervision, contact with customers, hiring and compliance.

Judge Pollack's order requires GKN to comply fully with the Commission's order within 30 days. Failure to comply with the court order could subject GKN to sanctions, including fines. [SEC v. GKN Securities Corp., 99 Civ. 12417, MP, S.D.N.Y. December 29, 1999] (LR-16410)

GOLF EMPORIUM CORPORATION SANCTIONED FOR DEFRAUDING ELDERLY INVESTORS

On January 18, the Commission announced that on January 6 the United States District Court for the Southern District of New York entered a Partial Final Judgment By Default Against Defendant Golf Emporium Corporation (Golf). The Partial Final Judgment permanently enjoins Golf from further violations of Section 17(a) of the Securities Act, and Section 10(b) of the Securities Exchange Act and Rule 10b-5, and orders the continuation of the asset freeze and other preliminary relief, ordered by the Court on November 3, 1999, until an amount of disgorgement of Golf's ill-gotten gains plus pre-judgment interest may be determined.

The Partial Final Judgment arises from a complaint filed by the Commission on October 5, 1999, in which the Commission alleged that since at least January 1998, Golf and its president, Frederick Tropeano, obtained at least \$640,000 by using material misrepresentations to induce investors - many of whom are elderly - to buy Golf common stock. The complaint alleges that defendants Golf and Tropeano, directly and through salespeople under their control, fraudulently offered and sold Golf stock misrepresenting, among other things, that the price of Golf stock would appreciate to at least three times the "private placement" price following a purported imminent initial public offering of Golf stock. The money obtained from investors has been frozen by court order throughout the litigation. Golf failed to answer, plead, or otherwise respond to the Commission's complaint. The litigation is pending as to Tropeano.

On January 18, the Commission also announced that on December 27, 1999 it filed an amended complaint in this matter in the United States District Court for the Southern District of New York to add allegations that Golf and Tropeano made misstatements of material facts in the private placement memorandum for Golf's common stock (PPM), received by a majority of Golf investors, in violation of Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5. Specifically, the Commission alleges that the PPM misrepresents Golf's financial condition, its management and advisors, and the use of the proceeds of its stock offering. The Commission also alleges that, since the filing of its complaint on October 5, 1999, it has discovered that a total of \$4,860,642 has been raised by Golf through the sale of its stock to at least 193 - mostly elderly - investors in its purported private placement. [SEC v. Golf Emporium Corporation and Frederick Tropeano, 99 Civ. 10259, JSR, S.D.N.Y.] (LR-16411)

RECEIVER APPOINTED IN HEDGE FUND CASE

The Commission announced that on January 19, the Honorable Denise L. Cote, United States District Judge, entered an order appointing Helen Gredd as receiver for defendants Manhattan Investment Fund Ltd. and Manhattan Capital Management, Inc. Ms. Gredd is a partner in the New York law firm of Lankler Siffert & Wohl LLP. The Court's order provides, among other things, that as receiver, Ms. Gredd has the authority to take immediate custody and control of all assets of Manhattan Investment Fund and Manhattan Capital Management. Manhattan Capital Management consented to the appointment of the receiver.

On January 18, the Commission filed this enforcement action charging Michael W. Berger, a hedge fund adviser, Manhattan Investment Fund and Manhattan Capital Management with securities fraud. At that time, Judge Cote, entered an order freezing the assets of Manhattan Investment Fund and Manhattan Capital Management. The Judge's January 18 order also included a temporary restraining order barring further violations against Manhattan Investment Fund from committing further violations and preliminary injunctions against Berger and

Manhattan Capital Management. See LR-16412, January 19, 2000.

The Commission's investigation into these matters is continuing. [SEC v. Michael W. Berger, Manhattan Investment Fund Ltd., and Manhattan Capital Management, Inc., 00 Civ. 0333, DLC, S.D.N.Y., January 18] (LR-16414)

INVESTMENT COMPANY ACT RELEASES

FRANKLIN CAPITAL CORPORATION

A notice has been issued giving interested persons until February 11, 2000 to request a hearing on an application filed by Franklin Capital Corporation for an order pursuant to Section 61(a)(3)(B) of the Investment Company Act approving applicant's stock option plan for directors who are not employees or officers of applicant. (Rel. IC-24254 - January 18)

LIBERTY ALL-STAR EQUITY FUND, ET AL.

A notice has been issued giving interested persons until February 14, 2000 to request a hearing on an application filed by Liberty All-Star Equity Fund, et al., for an order that would grant relief from Sections 10(f), 17(a), and 17(e) of the Investment Company Act and from Rule 17e-1 under the Act. The order would permit certain registered management investment companies advised by several investment advisers to engage in principal and brokerage transactions with a broker-dealer affiliated with one of the investment advisers and to purchase securities in offerings underwritten by a principal underwriter affiliated with one of the investment advisers. The transactions would be between a broker-dealer or principal underwriter and a portion of the investment company's portfolio not advised by the adviser affiliated with the broker-dealer or principal underwriter. The order also would permit these investment companies not to aggregate certain purchases from an underwriting syndicate in which an affiliated person of one of the investment advisers is a principal underwriter. (Rel. IC-24255 - January 19)

NATIONWIDE LIFE INSURANCE COMPANY, ET AL.

An order has been issued pursuant to Section 6(c) of the Investment Company Act granting exemptive relief from Sections 2(a)(32), 22(c), and 27(i)(2)(A) of the 1940 Act and Rule 22c-1 thereunder to Nationwide Life Insurance Company (NLIC), Nationwide Life and Annuity Insurance Company (NLAIC) (NLIC and NLAIC collectively Nationwide), Nationwide Variable Account - 9 and Nationwide Fidelity Advisor Variable Account (collectively, the Separate Accounts), Nationwide Advisory Services, Inc., and Fidelity Investment Institutional Services Company, Inc. to permit the recapture, under specified circumstances, of credits applied to purchase payments made under deferred variable annuity contracts that are

substantially similar in all material respects to the contracts described in the application. The order also extends to any current or future separate accounts of Nationwide that may in the future offer certain deferred variable annuity contracts and any other National Association of Securities Dealers, Inc. member broker-dealer controlling or controlled by, or under common control with, Nationwide that may in the future serve as general distributor-principal underwriter of certain deferred variable annuity contracts. (Rel. IC-24256 - January 19)

INVESTMENT ADVISERS ACT RELEASE

IBBOTSON ASSOCIATES, INC.

A notice has been issued giving interested persons until February 14, 2000 to request a hearing on an application filed by Ibbotson Associates, Inc. for an order under Section 203A(c) of the Investment Advisers Act. The order would permit Ibbotson Associates, Inc. to register with the SEC as an investment adviser, even though it does not have \$25 million of assets under management and might not otherwise meet the criteria set forth in section 203A(a) of the Advisers Act for registration with the SEC as an investment adviser. (Rel. IA-1851 - January 18)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGES

The New York Stock Exchange filed a proposed rule change (SR-NYSE-99-47) under Rule 19b-4 to change margin requirements for day trading customers of member organizations. Publication of the proposal is expected in the Federal Register during the week of January 24. (Rel. 34-42343)

The National Association of Securities Dealers has filed a proposed rule change (SR-NASD-99-33) under Rule 19b-4 of the Exchange Act relating to the establishment of trade and quote halt authority for the NASD's OTCBB service. Publication of the proposal is expected in the Federal Register during the week of January 24. (Rel. 34-42345)

The Pacific Exchange filed a proposed rule change (SR-PCX-99-37) under Rule 19b-4 of the Securities Exchange Act authorizing the PCX ITS Coordinator to accept inbound commitments on behalf of other PCX specialists. Publication of the notice is expected in the Federal Register during the week of January 24. (Rel. 34-42349)

A proposed rule change has been filed by the New York Stock Exchange (SR-NYSE-00-01) relating to continuing annual listing fees for

Canadian companies. Publication of the proposal is expected in the Federal Register during the week of January 24. (Rel. 34-42350)

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change submitted under Rule 19b-4 by the National Association of Securities Dealers (SR-NASD-99-11) to modify its Small Order Execution System and SelectNet Service. (Rel. 34-42344)

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission granted accelerated approval to a proposed rule change submitted by the Philadelphia Stock Exchange (SR-Phlx-99-57) under Rule 19b-4 to make permanent the pilot program relating to the elimination of position and exercise limits for FLEX Equity options. (Rel. 34-42346)

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>. In most cases, this information is also available on the Commission's website: <www.sec.gov>.

F-3 GRUPO TELEVISIA S A, AVENIDA CHAPULTEPEC NO 28, 06724 MEXICO DF MEXI, 05
- 96,048,000 (\$1,092,546,000) FOREIGN COMMON STOCK. (FILE 333-11310 -
JAN. 04) (BR. 7)

F-1 CHINA COM CORP, 20/F CITICORP CENTRE 18 WHITFIELD RD, HONG KONG,
CAUSEWAY BAY HONG KONG, K3 00000 (852) 289-3820 - \$352,498,000
FOREIGN COMMON STOCK. (FILE 333-11318 - JAN. 06) (BR. 3)

F-6 TELEFONICA SA /ADR/, 111 WALL STREET, NEW YORK, NY 10043 - 250,000,000
(\$12,500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-11322 -
JAN. 06) (BR. 99 - NEW ISSUE)

S-8 AVENTIS, 25 QUAI PAUL DOUMER, 92408 COURBEVOIE CEDEX, FRANCE, IO
(331) 476-8123 - 500,000 (\$28,500,000) FOREIGN COMMON STOCK. (FILE
333-11332 - JAN. 11) (BR. 2)

F-10 TELESYSTEM INTERNATIONAL WIRELESS INC, 1250 RENE LEVESQUE BLVD WEST,
STE 1110, MONTREAL QUEBEC CANA, E6 (514) 925-8497 - 4,660,194
(\$149,999,994.37) WARRANTS, OPTIONS OR RIGHTS. (FILE 333-11336 - JAN. 11)
(BR. 7)

F-6 CEMEX SA DE CV /ADR, 60 WALL ST, C/O MORGAN GUARANTY TRUST CO OF NY,
NEW YORK, NY 10260 (212) 648-3250 - 200,000,000 (\$10,000,000)
DEPOSITARY RECEIPTS FOR COMMON STOCK. (FILE 333-11338 - JAN. 10) (BR. 99)

S-8 ROMAC INTERNATIONAL INC, 120 W HYDE PARK PL, SUITE 150, TAMPA, FL 33606
(813) 229-7600 - 30,000,000 (\$30,000,000)
OTHER SECURITIES INCLUDING VOTING TRUST. 28,000 (\$355,250) COMMON STOCK.
(FILE 333-94563 - JAN. 13) (BR. 8)

S-4 WHITTMAN HART INC, 311 SOUTH WACKER DR, STE 3500, CHICAGO, IL 60606
(312) 922-9200 - 94,977,000 (\$4,031,718,750) COMMON STOCK. (FILE
333-94565 - JAN. 13) (BR. 8)

S-8 HUDSON RIVER BANCORP INC, ONE HUDSON CITY CENTRE, HUDSON, NY 12534
(518) 828-4600 - 714,150 (\$8,212,725) COMMON STOCK. (FILE 333-94567 -
JAN. 13) (BR. 7)

S-1 INSILICON CORP, 411 EAST PLUMCRIA DRIVE, SAN JOSE, CA 95134 -
\$44,273,000 COMMON STOCK. (FILE 333-94573 - JAN. 13) (BR. 36 - NEW ISSUE)

S-3 GREAT PLAINS SOFTWARE INC, 1701 S W 38TH ST, FARGO, ND 58103
(701) 281-0550 - 104,064 (\$7,913,026.56) COMMON STOCK. (FILE 333-94579 -
JAN. 13) (BR. 3)

S-3 GREAT PLAINS SOFTWARE INC, 1701 S W 38TH ST, FARGO, ND 58103
(701) 281-0550 - 183,983 (\$13,990,067.32) COMMON STOCK. (FILE 333-94581 -
JAN. 13) (BR. 3)

S-3 DYNAGEN INC, 840 MEMORIAL DRIVE, CAMBRIDGE, MA 02139 (617) 491-2527 -
5,000 (\$1,650,000) COMMON STOCK. (FILE 333-94583 - JAN. 13) (BR. 1)

SB-2 INTERNATIONAL MONETARY SYSTEMS INC, 2770 S 71ST STREET, MILWAUKEE, WI
53151 (414) 780-3640 - 1,000,000 (\$6,500,000) COMMON STOCK. (FILE
333-94597 - JAN. 13) (BR. 9 - NEW ISSUE)

S-3 DATA RACE INC, 12400 NETWORK BLVD, SAN ANTONIO, TX 78249 (210) 263-2000
- 2,476,190 (\$7,205,713) COMMON STOCK. (FILE 333-94601 - JAN. 13) (BR. 3)

S-8 MARKETING SERVICES GROUP INC, 333 SEVENTH AVENUE, 20TH FLOOR, NEW YORK,
NY 10001 (212) 594-7688 - 150,000 (\$427,500) COMMON STOCK. (FILE
333-94603 - JAN. 13) (BR. 8)

S-3 ZITEL CORP, 47211 BAYSIDE PARKWAY, FREMONT, CA 94538 (510) 440-9600 -
4,659,897 (\$11,504,121) COMMON STOCK. (FILE 333-94607 - JAN. 13) (BR. 4)

S-3 UNIVERSAL AUTOMOTIVE INDUSTRIES INC /DE/, 11859 SOUTH CENTRAL AVENUE,
ALSIP, IL 60803 (708) -29-3-40 - 1,495,000 (\$3,363,750) COMMON STOCK.
(FILE 333-94609 - JAN. 13) (BR. 5)

S-8 CBQ INC, 4851 KELLER SPRINGS RD., SUITE 213, DALLAS, TX 75248
(972) 732-1100 - 2,600,000 (\$5,525,000) COMMON STOCK. (FILE 333-94613 -
JAN. 13) (BR. 9)

S-8 EMB CORP, 3200 BRISTOL AVE 8TH, COSTA MESA, CA 92626 (714) 437-0738 -
1,700,000 (\$569,500) COMMON STOCK. (FILE 333-94615 - JAN. 13) (BR. 9)

S-1 ALLIANCE DATA SYSTEMS CORP, 17655 WATERVIEW PARKWAY, DALLAS, TX 75252
(972) 348-5100 - \$300,000,000 COMMON STOCK. (FILE 333-94623 - JAN. 13)
(BR. 3 - NEW ISSUE)

S-8 THERMO ELECTRON CORP, 81 WYMAN ST, P O BOX 9046, WALTHAM, MA 02454
(781) 622-1000 - 1,310,000 (\$19,035,937.50) COMMON STOCK. (FILE 333-94627
- JAN. 13) (BR. 5)

S-8 TIVO INC, C/O COOLEY GODWARD LLP,
FIVE PALO ALTO SQUARE 3000 EL CAMINO REA, PALO ALTO, CA 94306
(408) 747-6080 - 6,273,153 (\$99,492,614.28) COMMON STOCK. (FILE 333-94629
- JAN. 13) (BR. 7)

SB-2 PALAL MINING CORP, 400 BURRARD ST. SUITE 1950, BRITISH COLUMBIA V6C 3A6,
VANCOUVER. (604) 605-0885 - 2,000,000 (\$200,000) COMMON STOCK. (FILE
333-94631 - JAN. 13) (NEW ISSUE)

S-3 INNOVATIVE GAMING CORP OF AMERICA, 4725 AIRCENTER CIRCLE, RENO, NV 89502
(702) 823-3000 - 2,009,500 (\$3,391,031.25) COMMON STOCK. (FILE 333-94633 -
JAN. 13) (BR. 6)

- S-1 MEDIBUY COM INC, 10120 PACIFIC HEIGHTS BLVD, SUITE 100, SAN DIEGO, CA
92121 (858) 587-7200 - \$75,000,000 COMMON STOCK. (FILE 333-94635 -
JAN. 13)
- S-1 IMAGEX COM INC, 10800 NE 8TH STREET, SUITE 200, BELLEVUE, WA 98004
(425) 452-0011 - 5,750,000 (\$183,482,500) COMMON STOCK. (FILE 333-94639 -
JAN. 13) (BR. 5)
- S-3 ATMI INC, 7 COMMERCE DRIVE, DANBURY, CT 06810 (203) 794-1100 -
1,543,282 (\$47,502,219.96) COMMON STOCK. (FILE 333-94641 - JAN. 14)
(BR. 2)
- S-8 DALTEX MEDICAL SCIENCES INC, 7777 GLADES ROAD SUITE 211, BOCA RATON, FL
33434 (561) 994-0511 - 2,500,000 (\$4,062,500) COMMON STOCK. (FILE
333-94643 - JAN. 14) (BR. 9)
- S-8 CMGI INC, 100 BRICKSTONE SQUARE, STE B110, ANDOVER, MA 01810
(978) 684-3600 - 4,506,821 (\$584,399,480) COMMON STOCK. (FILE 333-94645 -
JAN. 14) (BR. 2)
- S-8 RHYTHMS NET CONNECTIONS INC, 7337 S REVERE PKWY SUITE 100, ENGLEWOOD, CO
80112 (303) 476-4200 - 389,252 (\$6,103,685.96) COMMON STOCK. (FILE
333-94647 - JAN. 14) (BR. 7)
- F-3 VISIBLE GENETICS INC, 700 BAY ST, SUITE 1000, TORONTO ONTARIO CANA, A6
(212) 702-5700 - 1,916,000 (\$82,148,500) COMMON STOCK. (FILE 333-94649 -
JAN. 14) (BR. 5)
- S-1 KEYNOTE SYSTEMS INC, 2855 CAMPUS DRIVE, SAN MATEO, CA 94403 - 5,347,500
(\$411,757,500) COMMON STOCK. (FILE 333-94651 - JAN. 14) (BR. 8)

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

Litigation Release No. 16410 / January 19, 2000

Securities and Exchange Commission v. GKN Securities Corp., 99 Civ. 12417 (MP)
(S.D.N.Y. December 29, 1999)

COURT ORDERS GKN SECURITIES CORP.
TO COMPLY WITH PREVIOUS SEC ORDER

The Securities and Exchange Commission today announced that the Honorable Milton Pollack, Senior United States District Judge, Southern District of New York, ordered GKN Securities Corp., a registered broker-dealer headquartered in New York City, to comply with an order that the Commission had issued against GKN on January 15, 1997. Without admitting or denying the allegations in the Commission's complaint, GKN consented to the court's order which was entered on December 29, 1999. The Commission's complaint made the following allegations:

- The Commission's January 15, 1997 order found that between 1990 and 1993, GKN failed to establish adequate procedures to supervise the sales practices of its registered representatives, failed to monitor or adequately review and respond to customer complaints, and failed to institute measures designed to prevent sales practice violations (In the Matter of GKN Securities Corp. et al., Exchange Act Release No. 38173).
- In order to protect investors from the possibility of future problems at the firm, the Commission ordered GKN to:
 - 1) implement and maintain policies and procedures reasonably designed to detect and prevent the types of sales practice abuses which gave rise to the Commission proceeding;
 - 2) retain an independent consultant to prepare a written report containing recommendations about the firm's supervisory and compliance policies and procedures; and
 - 3) adopt all recommendations contained in the independent consultant's written report and to submit an affidavit certifying that it had implemented those recommendations.
- Although GKN submitted such an affidavit in November 1997, a recent Commission examination revealed that GKN either failed to comply, or failed to comply fully, with certain of the independent consultant's recommendations relating to supervision, contact with customers, hiring and compliance. Therefore, GKN failed to comply with the Commission's January 15, 1997 order, to which it had consented.

Judge Pollack's order requires GKN to comply fully with the Commission's order within 30 days. Failure to comply with the court order could subject GKN to sanctions, including fines.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

Litigation Release No. 16411 / January 18, 2000

SECURITIES AND EXCHANGE COMMISSION v. GOLF EMPORIUM CORPORATION AND FREDERICK TROPEANO, 99 Civ. 10259 (JSR)(S.D.N.Y.)

The Commission announced today that on January 6, 2000 the United States District Court for the Southern District of New York entered a Partial Final Judgment By Default Against Defendant Golf Emporium Corporation ("Golf"). The Partial Final Judgment permanently enjoins Golf from further violations 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, and orders the continuation of the asset freeze and other preliminary relief, ordered by the Court on November 3, 1999, until an amount of disgorgement of Golf's ill-gotten gains plus pre-judgment interest may be determined.

The Partial Final Judgment arises from a Complaint filed by the Commission on October 5, 1999, in which the Commission alleged that since at least January 1998, Golf and its president, Frederick Tropeano, obtained at least \$640,000 by using material misrepresentations to induce investors - many of whom are elderly - to buy Golf common stock. The Complaint alleges that Defendants Golf and Tropeano, directly and through salespeople under their control, fraudulently offered and sold Golf stock misrepresenting, among other things, that the price of Golf stock would appreciate to at least three times the "private placement" price following a purported imminent initial public offering of Golf stock. The money obtained from investors has been frozen by court order throughout the litigation. Golf failed to answer, plead, or otherwise respond to the Commission's Complaint. The litigation is pending as to Tropeano.

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

Litigation Release No. 16414/ January 20, 2000

RECEIVER APPOINTED IN HEDGE FUND CASE

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The Commission's investigation into these matters is continuing.