

SEC NEWS DIGEST

Issue 99-250

December 30, 1999

ENFORCEMENT ACTIONS

SEC SUES FRED CARTER AND WENDELL CARTER FOR FRAUDULENTLY SELLING SECURITIES OF INTERNET TELEPHONY COMPANY TO WASHINGTON, D.C. AREA RESIDENTS

On October 27, 1999, the Securities and Exchange Commission filed securities fraud charges against Fred Carter, president and chief executive officer of American Telephone and Telecommunications Corporation (ATTC), a District of Columbia corporation purportedly set up to establish a long distance telephone service using Internet telephony technology, and Wendell Carter, ATTC's vice president of corporate sales, in connection with their sale to the public of ATTC stock and joint venture interests in a series of fraudulent offerings targeted mainly to Washington, D.C. area residents.

The complaint alleges that from October 1996 through October 1997, Fred Carter and Wendell Carter, who are unrelated to each other, made material misstatements and omissions in promotional mailings and seminars used to induce people to invest in ATTC. According to the complaint, the defendants falsely claimed, among other things, to have designed a revolutionary technology for routing phone calls using the Internet, that ATTC's stock price would at least triple within one year, and that ATTC had a strategic alliance with an Internet telephony product manufacturer that would help ATTC implement its telephone service. In fact, the complaint alleges, ATTC did not design any technology, but merely purchased Internet telephony products for use in investor demonstrations. In addition, there was no reasonable basis for ATTC's financial projections and there existed no alliance with an Internet telephony product manufacturer.

The complaint further alleges that the defendants failed to disclose to investors, among other things, that, in 1989, Fred Carter was convicted of securities fraud in California for making similar misrepresentations about a computer technology company he owned. Fred Carter has been the subject of an outstanding arrest warrant since 1991 arising from that conviction. In addition, investors were not told that investor funds were largely being disbursed for the personal use of Fred Carter, his family, and Wendell Carter, rather than being spent on bringing the promised telephone service

to market.

It is alleged that by engaging in such conduct Fred and Wendell Carter 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. [SEC v. Fred Carter and Wendell Carter, U.S. District Court for the District of Columbia, Civil Action No. 99-02848, D.D.C., October 27, 1999, PLF] (LR-16396)

INVESTMENT COMPANY ACT RELEASES

SALOMON BROTHERS ASSET MANAGEMENT INC., ET AL.

An order has been issued on an application filed by Salomon Brothers Asset Management Inc. (SBAM), et al. granting an exemption from Section 17(a) of the Investment Company Act and permitting certain joint transactions under Section 17(d) of the Act and Rule 17d-1 under the Act. The order permits certain registered closed-end management investment companies advised by SBAM to enter into secured loan transactions with a facility administered by Citicorp North America, Inc., an affiliated person of SBAM. (Rel. IC-24222 - December 28)

JACKSON NATIONAL LIFE INSURANCE COMPANY, ET AL.

An order has been issued pursuant to Section 6(c) of the Investment Company Act exempting Jackson National Life Insurance Company (Jackson National), Jackson National Separate Account V, any other separate account established in the future by Jackson National to support certain deferred variable annuity contracts issued by Jackson National, and Jackson National Life Distributors, Inc. (collectively Applicants) from the provisions of Sections 2(a)(32), 22(c), and 27(i)(2)(A) of the Act and Rule 22c-1 thereunder. The exemptive order permits, under specified circumstances, the recapture of contract enhancements applied to premiums made under certain deferred variable annuity contracts. The order also extends to any other National Association of Securities Dealers, Inc. member broker-dealer controlling or controlled by, or under common control with, Jackson National that serves as a distributor or underwriter for the contracts described in the application. (Rel. IC-24223 - December 28)

THE PAYDEN & RYSEL INVESTMENT GROUP AND PAYDEN & RYSEL

An order has been issued on an application filed by Payden & Rygel Investment Group and Payden & Rygel under Section 12(d)(1)(J) of the Investment Company Act for an exemption from Sections 12(d)(1)(A) and (B) of the Act, under Sections 6(c) and 17(b) of the Act for an exemption from Section 17(a) of the Act, and under Section 17(d) of the Act and Rule 17d-1 under the Act to permit certain joint transactions. The order permits certain management investment

companies to invest uninvested cash and cash collateral in affiliated money market funds. (Rel. IC-24224 - December 29)

HOLDING ACT COMPANY RELEASES

CHEVRON CORPORATION, ET AL.

An order has been issued authorizing Energy Convergence Holding Company (New Dynegy), a company that will be a subsidiary of Chevron U.S.A. Inc. (Chevron USA), to acquire all of the common stock of Illinova Corporation, an Illinois public-utility holding company exempt from registration under Section 3(a)(i) of the Act. New Dynegy will file for the exemption from registration provided in Section 3(a)(1) of the Act under Rule 2 under the Act. Chevron USA intends to apply for an exemption from registration under Section 3(a)(3) of the Act. (Rel. 35-27122)

SELF-REGULATORY ORGANIZATIONS

PROPOSED RULE CHANGE

The Government Securities Clearing Corporation filed a proposed rule change (SR-GSCC-99-05) under Section 19(b)(1) of the Exchange Act. The proposed rule change would allow GSCC to become an initial shareholder and serve on the board of directors of the European Securities Clearing Corporation (ESCC). ESCC will be a United Kingdom company whose purpose will be to oversee the scope and nature of netting services, which will be provided by The London Clearing House, for European sovereign debt buy-sell and repo transactions. Publication of the proposal is expected in the Federal Register during the week of January 3, 2000. (Rel. 34-42279)

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

