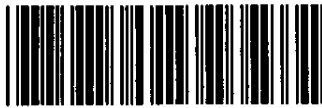


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ORIGINAL

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7  
 8 UNITED STATES DISTRICT COURT  
 9 SOUTHERN DISTRICT OF CALIFORNIA

10  
 11 SECURITIES AND EXCHANGE COMMISSION,  
 12 Plaintiff,  
 13 v.  
 14 TIMOTHY J. LYONS,  
 15 Defendant.

Case No. 98 CV 1471TW RBB  
 FIRST AMENDED COMPLAINT FOR  
 VIOLATIONS OF THE FEDERAL  
 SECURITIES LAWS

16  
 17 Plaintiff Securities and Exchange Commission  
 18 ("Commission"), for its first amended complaint against defendant  
 19 Timothy J. Lyons ("Lyons"), alleges as follows:

20 JURISDICTION

21 1. This Court has jurisdiction over this action pursuant  
 22 to Sections 21(d)(3)(A), 21(e) and 27 of the Securities Exchange Act  
 23 of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d)(3)(A), 78u(e) & 78aa]  
 24 and Sections 209(e)(1) and 214 of the Investment Advisers Act of  
 25 1940 ("Advisers Act") [15 U.S.C. §§ 80b-9(e)(1) & 80b-14].

26 SUMMARY

27 2. From at least 1991 through at least July 1995, Lyons,  
 28 a trader and portfolio manager at two investment adviser firms

OK

12

1 registered with the Commission, fraudulently allocated profitable  
2 stock trades to his personal accounts at the expense of client  
3 accounts. Lyons made these fraudulent allocations when he was  
4 employed at Nicholas-Applegate Capital Management, a California  
5 Limited Partnership ("NACM"), from 1991 through July 1993 as head  
6 trader, and when he was majority owner of and portfolio manager at  
7 Lyons Capital Partners ("LCP") from August 1993 through at least  
8 July 1995. By allocating profitable trades to his personal  
9 accounts, rather than to his clients' accounts, Lyons generated net  
10 profits for himself of approximately \$929,601.30. Each of these  
11 profitable trades was an economic opportunity for Lyons' clients  
12 that Lyons usurped for his own profit. By putting his interests  
13 ahead of his clients', Lyons breached his fiduciary duty to those  
14 clients and defrauded them. Moreover, in making the fraudulent  
15 allocation of profitable trades to himself, Lyons further breached  
16 his fiduciary duty to his clients by failing to disclose his  
17 conflict of interest in favoring his personal accounts over their  
18 accounts in allocating the trades. Finally, from approximately 1991  
19 through July 1993, Lyons failed to report completely and accurately  
20 his personal trading to NACM, rendering NACM's books and records  
21 inaccurate, and many of Lyons' fraudulent allocations undetectable.

22           3. Lyons, by engaging in the above conduct, has violated  
23 the antifraud provisions of Section 10(b) of the Exchange Act [15  
24 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5],  
25 and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§  
26 80b-6(1) & 80b-6(2)], and aided and abetted NACM's violations of the  
27 books and records provisions of Section 204 of the Advisers Act [15  
28 U.S.C. § 80b-4] and Rule 204-2(a)(12) thereunder [17 C.F.R. §



1 And Desist Proceeding, Making Findings And Imposing Remedial  
2 Sanctions ("Order"), without admitting or denying the findings in  
3 the Order. In the Order, the Commission finds, among other things,  
4 that NACM failed reasonably to supervise Lyons, within the meaning  
5 of Section 203(e)(6) of the Advisers Act, with a view toward  
6 preventing Lyons' violations of the antifraud provisions of Section  
7 10(b) of the Exchange Act and Rule 10b-5 thereunder and Sections  
8 206(1) and 206(2) of the Advisers Act, and Lyons' aiding and  
9 abetting violations of the recordkeeping provisions of Section 204  
10 of the Advisers Act and Rule 204-2(a)(12) thereunder.

11           7. Lyons Capital Partners ("LCP") was an investment  
12 adviser firm registered with the Commission which was located in San  
13 Diego, California. Lyons and his partner formed LCP in  
14 approximately August 1993. In 1996, Lyons sold his ownership  
15 interest in LCP to his partner, who then formed a new investment  
16 advisory firm.

17                   **LYONS FRAUDULENTLY ALLOCATED PROFITABLE TRADES**

18                           **TO HIS PERSONAL ACCOUNTS WHILE AT NACM**

19           8. From at least 1991 through July 1993, Lyons engaged  
20 in a day trading (buying and selling a security on the same day)  
21 investment strategy for a portion of the NACM Employee Plan's  
22 portfolio and also actively day traded the following personal  
23 securities trading accounts (collectively referred to as Lyons'  
24 "personal accounts"):

25                   a. From 1991 through December 1992, Lyons day  
26 traded through at least the following brokerage  
27 accounts: One account held at Donaldson Lufkin  
28 & Jenrette ("DLJ") (Account No. 227-05677

1 entitled the Lyons Family Trust); and one  
2 account held at Cantor Fitzgerald & Company,  
3 Inc. ("Cantor") (Account No. 11889775, entitled  
4 3 NAGM Lyons).

5 b. In November and December 1992, Lyons  
6 established and began trading in three  
7 additional personal accounts in his wife's  
8 maiden name, Arlyne Ignacio. These personal  
9 accounts were held at Cantor (Account No.  
10 11033278 entitled 3 NAGM AI and Account No.  
11 32445588 entitled Arlyne Ignacio) and at DLJ  
12 (Account No. 227-039831 entitled Arlene  
13 Ignacio). Lyons instructed Cantor to mail  
14 confirmations for trades in his wife's  
15 account to her parents' address in Torrance,  
16 California, even though she resided with him  
17 in the San Diego area. Lyons never reported  
18 these trades to NACM, as required by NACM.

19 9. In mid-1992, NACM commenced an investigation into  
20 Lyons' day trades. The investigation was conducted by NACM's then  
21 compliance officer. NACM uncovered no wrongdoing by Lyons as a  
22 result of its investigation. Nevertheless, on December 24, 1992,  
23 after NACM concluded its investigation into Lyons' day trading, NACM  
24 banned day trading by its employees in accounts they controlled in  
25 which they had a personal interest. In spite of being informed of  
26 this ban, Lyons continued to day trade in his personal accounts, and  
27 continued not to report the existence of these accounts, or of his  
28 trades in these accounts, to NACM.

1           A.    Lyons Allocated Profitable Day Trades To His Personal  
2                           Accounts Rather Than To The NACM Employee Plan

3           10. From at least 1991 through July 1993, the day trades  
4 in Lyons' personal accounts were executed through DLJ and Cantor.  
5 Lyons also actively day traded on behalf of the NACM Employee Plan  
6 at DLJ through an account entitled NACM Profit Sharing Plan (Account  
7 No. 227-027323) and at Cantor through an account entitled 3 NAGM 55  
8 (Account No. 1162012).

9           11. At all times relevant to this action, Cantor  
10 permitted its institutional clients to allocate trades later in the  
11 day after their orders had been executed. Although neither Lyons  
12 nor his wife was ever a client of NACM, the above described personal  
13 accounts of Lyons were instead classified as NACM institutional  
14 accounts and/or treated as institutional client accounts. Because  
15 Lyons' personal accounts at Cantor were treated as institutional  
16 client accounts, he was permitted to allocate day trades later in  
17 the day, after he had sold the stock purchased earlier in the day  
18 and determined whether the trades were profitable.

19           12. At all times relevant to this action, when Lyons  
20 placed trades at DLJ, DLJ typically recorded such trades under the  
21 name of its sales representative. Accordingly, later in the day,  
22 after Lyons had determined whether the transactions were profitable  
23 because he had either sold the stock purchased earlier in the day or  
24 the stock price had increased, Lyons instructed DLJ to allocate the  
25 trades to either the NACM Employee Plan or to Lyons' and his wife's  
26 personal accounts.

27           13. While Lyons was head trader at NACM, it was NACM's  
28 practice to record into its database buys and sells of the same

1 security within the same day after both the buy and sell were  
2 executed and the order tickets received by the trading desk. As the  
3 trader and portfolio manager for the NACM Employee Plan, Lyons knew  
4 whether a purchase and sale of a security within the same day was  
5 profitable or unprofitable before he informed the trading desk of  
6 the purchase and sale and such trade was recorded into NACM's  
7 database.

8           14. If a day trade was profitable, Lyons usually  
9 allocated it to one of his or his wife's personal accounts instead  
10 of reporting it to NACM's trading desk for recording into its  
11 database as a trade made for the NACM Employee Plan. Lyons never  
12 caused to be disclosed to the NACM Employee Plan that he was  
13 simultaneously day trading in the NACM accounts and in personal  
14 accounts held in his wife's name and that he thus had a conflict of  
15 interest.

16           15. On the dates set forth in Exhibit 1, which is  
17 incorporated by this reference, Lyons engaged in day trading both in  
18 his personal accounts and in NACM Employee Plan accounts, and Lyons  
19 fraudulently allocated the profitable day trades set forth in  
20 Exhibit 1 to his personal accounts. By allocating these trades he  
21 knew to be profitable to his personal accounts and not allocating or  
22 offering these profitable trades to the NACM Employee Plan, Lyons  
23 subordinated the interests of the NACM Employee Plan to his own and  
24 failed to act in the best interests of the NACM Employee Plan by  
25 stealing its economic opportunities to profit.

26           16. The trades set forth in Exhibit 1 resulted in a  
27 profit to Lyons of approximately \$751,749.00.

28 \*



1           **B. Lyons Failed To Report His Personal Trades Completely**  
2           **And Accurately To NACM**

3           17. NACM's Code of Ethics required Lyons to complete  
4 monthly reports of his personal securities trading ("Personal  
5 Securities Transaction Reports"), which among other things, required  
6 him to report every transaction in a security in his or his wife's  
7 accounts. Lyons knew that NACM's Code of Ethics required such  
8 monthly reporting. Nevertheless, over 50% of Lyons' Personal  
9 Securities Transaction Reports were incomplete or missing from  
10 January 1991 through July 1993. Lyons' knowing and consistent  
11 failure to provide to NACM his required completed monthly trading  
12 reports resulted in NACM's maintaining incomplete books and records  
13 of its employees' personal trading. Moreover, Lyons not only  
14 knowingly failed to report trades he made in accounts in his wife's  
15 name, he knowingly failed to disclose the existence of such accounts  
16 to NACM, as required.

17           **LYONS FRAUDULENTLY ALLOCATED PROFITABLE TRADES**  
18           **TO HIS PERSONAL ACCOUNTS WHILE AT LCP**

19           18. After Lyons resigned from NACM, he formed LCP in  
20 approximately August 1993 with NACM's former compliance officer, who  
21 was the individual NACM had directed to review and investigate  
22 Lyons' personal trading activity at NACM. Lyons was LCP's head  
23 trader and portfolio manager.

24           19. Lyons and his partner instituted no procedures at LCP  
25 which prohibited employees, including Lyons, from day trading.  
26 Furthermore, Lyons and his partner instituted policies and  
27 procedures at LCP whereby trades were allocated and reported into  
28 LCP's database at the end of the day.

1           20. At LCP, Lyons continued to day trade in both his  
2 personal and client accounts. From August 1993 through December  
3 1993, Lyons continued to day trade in the same account at DLJ held  
4 in his wife's maiden name, set forth above. From January 1994  
5 through July 1995, Lyons day traded through an account at Spear,  
6 Leeds & Kellogg ("Spear Leeds") (Account No. 4-3NK551-9) entitled  
7 the Lyons Family Trust. During the period from August 1993 through  
8 July 1995, Lyons also traded through accounts at Spear Leeds for the  
9 following LCP clients: 1) Merv Adelson (Account No. 4-3NA120-9);  
10 2) Fred Applegate (Account No. 4-3NB120-9); 3) the Mosbacher Trust  
11 (Account No. 4-3NO120-9); 4) the Athena Fund (Account No. 3NF120-9);  
12 5) the Rhino Fund (Account No. 4-3NJ120-9); 6) Harbinger Partners,  
13 L.P. (Account No. 4-3LM120-9); 7) Fairbanks Partners, L.P. (Account  
14 No. 4-3NC120-9); and 8) Nigro Karlin & Segal (Account No.  
15 4-3NH120-9). Lyons never caused to be disclosed to the above LCP  
16 clients that he was simultaneously day trading in LCP client  
17 accounts and his personal accounts, and that he thus had a conflict  
18 of interest.

19           21. Prior to August 1995, Lyons made stock purchases  
20 without designating which account would receive the trade until  
21 after the sale, determining whether the transaction was profitable,  
22 was executed later in the day. In August 1995, following an  
23 examination conducted by the Commission, LCP changed its policy to  
24 require designation at the time each stock purchase was made of the  
25 account for which the stock was purchased. Each order ticket was  
26 also required to be time-stamped at the time the order was placed.  
27 Lyons essentially ceased trading in his personal accounts after LCP  
28 instituted these new policies.



1 order to make the statements made, in the light  
2 of the circumstances under which they were made,  
3 not misleading; or

4 c. engaged in acts, practices or courses of  
5 business which operated or would operate as a  
6 fraud or deceit upon other persons.

7 26. By reason of the foregoing, Lyons violated and,  
8 unless enjoined, will continue to violate, Section 10(b) of the  
9 Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17  
10 C.F.R. § 240.10b-5].

11 **SECOND CLAIM**

12 **FRAUD ON INVESTMENT ADVISERS' CLIENTS**

13 **Violations of Sections 206(1) and 206(2)**

14 **of the Advisers Act**

15 27. Paragraphs 1 through 23 are realleged and  
16 incorporated herein by reference.

17 28. Lyons, by engaging in the conduct described above,  
18 directly or indirectly, by use of the mails or means or  
19 instrumentalities of interstate commerce:

20 a. with scienter, employed devices, schemes or  
21 artifices to defraud advisory clients or  
22 prospective clients; or

23 b. engaged in transactions, practices, or courses  
24 of business which operated or would operate as a  
25 fraud or deceit upon clients or prospective  
26 clients.

27 29. By reason of the foregoing, Lyons violated and,  
28 unless enjoined, will continue to violate, Sections 206(1) and

1 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) & 80b-6(2)].

2 THIRD CLAIM

3 AIDING AND ABETTING BOOKS AND RECORDS VIOLATIONS

4 Section 204 of the Advisers Act and

5 Rule 204-2(a)(12) thereunder

6 30. Paragraphs 1 through 6 and 8 through 17 are realleged  
7 and incorporated herein by reference.

8 31. NACM, by engaging in the conduct described in  
9 paragraphs 8 through 17 above, made use of the mails or means or  
10 instrumentalities of interstate commerce in connection with its  
11 business as an investment adviser, and failed to make and keep true,  
12 accurate and current books and records relating to its investment  
13 advisory business, regarding every transaction in which its advisory  
14 representative, Lyons, had any direct or indirect beneficial  
15 ownership, as required by Section 204 of the Advisers Act and Rule  
16 204-2(a)(12) thereunder. Lyons, by engaging in the conduct alleged  
17 in paragraph 17 above, knowingly and substantially assisted NACM's  
18 violations of Section 204 of the Advisers Act and Rule 204-2(a)(12)  
19 thereunder.

20 32. By reason of the foregoing, Lyons aided and abetted  
21 NACM's violations of, and unless enjoined, will continue to aid and  
22 abet violations of or violate Section 204 of the Advisers Act and  
23 Rule 204-2(a)(12) thereunder.

24 PRAYER FOR RELIEF

25 WHEREFORE, the Commission respectfully requests that this  
26 Court:

27 I.

28 Issue findings of fact and conclusions of law that Lyons

1 engaged in the alleged violations.

2 II.

3 Enter a final judgment of permanent injunction, in a form  
4 consistent with Fed. R. Civ. P. 65(d), enjoining Lyons from  
5 violating Section 10(b) of the Exchange Act and Rule 10b-5  
6 thereunder, and Sections 204, 206(1) and 206(2) of the Advisers Act  
7 and Rule 204-2(a)(12) thereunder.

8 III.

9 Enter an order that Lyons disgorge all profits gained  
10 directly or indirectly from his illegal conduct, together with  
11 prejudgment interest thereon.

12 IV.

13 Enter an order that Lyons pay civil penalties pursuant to  
14 Section 21(d)(3) of the Exchange Act and Section 209(e) of the  
15 Advisers Act.


16 V.

17 Retain jurisdiction of this action in accordance with the  
18 principles of equity and the Federal Rules of Civil Procedure in  
19 order to implement and carry out the terms of all orders and decrees  
20 that may be entered, or to entertain any suitable application or  
21 motion for additional relief within the jurisdiction of this Court.

22 VI.

23 Grant such other and further relief as this Court may  
24 determine to be just and necessary.

25  
26 DATED: January 8, 1999

  
\_\_\_\_\_  
Nicolas Morgan  
Attorney for Plaintiff  
Securities and Exchange Commission

27  
28

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Exhibit 1 (Lyons' Profitable  
Personal Day Trades While at  
NACM)

Page 1

Exhibit 2 (Lyons' Profitable  
Personal Day Trades While at LCP)

Page 5





LYONS' PROFITABLE PERSONAL DAY TRADES WHILE AT NACM

TRADE DATE	STOCK	NO. SHARES	BUY PRICE	SALE PRICE	PROFIT	ACCOUNT	ACCOUNT #
1	03/19/91	Apple Computer	10,000	66.375	67.438	\$ 10,630.00	Lyons/DLJ 227-056777
2	06/12/91	Borland Intl Inc	9,000	50.110	51.347	\$ 11,133.00	Lyons/DLJ 227-056777
3	06/27/91	Borland Intl Inc	2,500	42.000	43.000	\$ 2,500.00	Lyons/DLJ 227-056777
4	07/02/91	Intel Corp	2,500	41.500	43.750	\$ 5,625.00	Lyons/DLJ 227-056777
5	07/10/91	Sun Microsystems Inc	4,000	30.000	30.875	\$ 3,500.00	Lyons/DLJ 227-056777
6	08/19/91	Preferred Health	12,500	14.000	14.570	\$ 7,125.00	Lyons/DLJ 227-056777
7	08/27/91	Intel Corp	10,000	51.167	52.250	\$ 10,830.00	Lyons/DLJ 227-056777
8	09/05/91	Cisco Systems Inc	8,000	41.625	42.250	\$ 5,000.00	Lyons/DLJ 227-056777
9	09/16/91	Intel Corp	3,000	41.500	41.625	\$ 375.00	Lyons/DLJ 227-056777
10	10/01/91	Apple Computer	5,000	49.750	50.750	\$ 5,000.00	Lyons/DLJ 227-056777
11	10/09/91	Intel Corp	3,750	38.750	39.250	\$ 1,875.00	Lyons/DLJ 227-056777
12	10/10/91	Intel Corp	5,000	40.750	41.125	\$ 1,875.00	Lyons/DLJ 227-056777
13	10/14/91	Apple Computer	5,000	49.000	50.000	\$ 5,000.00	Lyons/DLJ 227-056777
14	10/14/91	Lotus Development Corp	5,000	28.500	29.875	\$ 6,875.00	Lyons/DLJ 227-056777
15	10/25/91	50 Off Stores	4,000	20.500	21.750	\$ 5,000.00	Lyons/DLJ 227-056777
16	11/21/91	Biogen	4,000	37.500	40.000	\$ 10,000.00	Lyons/DLJ 227-056777
17	12/02/91	Biogen	5,000	37.250	38.275	\$ 5,125.00	Lyons/DLJ 227-056777
18	12/04/91	Costco Wholesale	3,000	50.750	51.750	\$ 3,000.00	Lyons/DLJ 227-056777
19	12/05/91	Biogen	3,000	40.250	41.250	\$ 3,000.00	Lyons/DLJ 227-056777
20	12/12/91	Intel Corp	5,000	42.750	43.250	\$ 2,500.00	Lyons/DLJ 227-056777
21	12/27/91	Cisco Systems Inc	5,000	63.250	64.250	\$ 5,000.00	Lyons/DLJ 227-056777
22	01/20/92	Costco Wholesale	5,000	57.000	58.250	\$ 6,250.00	Lyons/DLJ 227-056777
23	01/22/92	Symantec Corp	2,000	44.250	45.250	\$ 2,000.00	Lyons/DLJ 227-056777
24	01/22/92	Symantec Corp	5,000	42.250	43.750	\$ 7,500.00	Lyons/DLJ 227-056777
25	01/27/92	Costco	5,000	57.000	58.250	\$ 6,250.00	Lyons/DLJ 227-056777
26	01/28/92	Caere Corp	10,000	15.375	16.375	\$ 10,000.00	Lyons/DLJ 227-056777
27	01/30/92	Chiron Corp	5,000	56.000	57.650	\$ 8,250.00	Lyons/DLJ 227-056777
28	03/31/92	Intel Corp	5,000	53.000	54.250	\$ 6,250.00	Lyons/DLJ 227-056777
29	03/31/92	Seagate Technology	10,000	12.750	13.000	\$ 2,500.00	Lyons/DLJ 227-056777
30	04/02/92	Borland Intl Inc	3,000	51.500	52.500	\$ 3,000.00	Lyons/DLJ 227-056777
31	04/02/92	Borland Intl Inc	3,000	51.500	52.625	\$ 3,375.00	Lyons/DLJ 227-056777
32	04/10/92	Borland Intl Inc	5,000	51.500	53.500	\$ 10,000.00	Lyons/DLJ 227-056777
33	04/13/92	Apple Computer	5,000	55.250	56.750	\$ 7,500.00	Lyons/DLJ 227-056777
34	04/15/92	Centocor Inc	5,000	17.750	18.345	\$ 2,975.00	Lyons/DLJ 227-056777
35	04/21/92	Borland Intl Inc	3,000	52.000	54.000	\$ 6,000.00	Lyons/DLJ 227-056777
36	04/24/92	Centocor Inc	5,000	17.750	18.345	\$ 2,975.00	Lyons/DLJ 227-056777

## LYONS' PROFITABLE PERSONAL DAY TRADES WHILE AT NACM

TRADE DATE	STOCK	NO. SHARES	BUY PRICE	SALE PRICE	PROFIT	ACCOUNT	ACCOUNT #
05/01/92	Adobe Sys Inc	6,000	43.875	44.750	\$ 5,250.00	Lyons/DLJ	227-056777
05/15/92	Sun Microsystems Inc	5,000	27.324	28.000	\$ 3,380.00	Lyons/DLJ	227-056777
06/02/92	US Healthcare	5,000	53.000	54.000	\$ 5,000.00	Lyons/DLJ	227-056777
06/08/92	BMC Software	5,000	49.625	50.625	\$ 5,000.00	Lyons/DLJ	227-056777
06/11/92	US Healthcare	3,000	47.250	48.125	\$ 2,625.00	Lyons/DLJ	227-056777
06/22/92	BMC Software	3,000	45.750	47.000	\$ 3,750.00	Lyons/DLJ	227-056777
06/26/92	Intel Corp	6,000	54.250	54.750	\$ 3,000.00	Lyons/DLJ	227-056777
07/01/92	Synergen Inc	10,000	49.280	50.750	\$ 14,700.00	Lyons/DLJ	227-056777
07/08/92	Borland Intl Inc	8,000	37.562	38.000	\$ 3,504.00	Lyons/DLJ	227-056777
07/08/92	Cisco Systems Inc	10,000	45.500	45.837	\$ 3,370.00	Lyons/DLJ	227-056777
07/09/92	Cisco Systems Inc	5,000	46.166	46.750	\$ 2,920.00	Lyons/DLJ	227-056777
07/13/92	Microsoft Corp	5,000	70.000	71.000	\$ 5,000.00	Lyons/DLJ	227-056777
07/15/92	Microsoft Corp	7,000	71.875	72.000	\$ 875.00	Lyons/DLJ	227-056777
07/17/92	Cisco Systems Inc	10,000	48.313	48.938	\$ 6,250.00	Lyons/DLJ	227-056777
07/28/92	US Healthcare	5,000	53.468	54.250	\$ 3,910.00	Lyons/DLJ	227-056777
08/03/92	Microsoft Corp	10,000	72.750	73.625	\$ 8,750.00	Lyons/DLJ	227-056777
08/05/92	Gensia	5,000	40.125	41.375	\$ 6,250.00	Lyons/DLJ	227-056777
08/06/92	Chiron Corp	5,000	51.212	51.250	\$ 190.00	Lyons/DLJ	227-056777
08/07/92	Cisco Systems Inc	10,000	50.000	50.625	\$ 6,250.00	Lyons/DLJ	227-056777
08/10/92	Novell Inc	10,000	49.212	50.125	\$ 9,130.00	Lyons/DLJ	227-056777
08/24/92	Gensia	5,000	35.000	36.000	\$ 5,000.00	Lyons/DLJ	227-056777
08/25/92	Cisco Systems Inc	3,000	44.500	45.625	\$ 3,375.00	Lyons/DLJ	227-056777
08/25/92	Gensia	2,500	34.250	35.625	\$ 3,438.00	Lyons/DLJ	227-056777
08/28/92	Sci Med Life Sys Inc	3,000	53.250	55.000	\$ 5,250.00	Lyons/DLJ	227-056777
08/31/92	Sci Med Life Sys Inc	6,000	54.500	56.000	\$ 9,000.00	Lyons/DLJ	227-056777
09/11/92	Sci Med Life Sys Inc	5,000	56.782	57.375	\$ 2,965.00	Lyons/DLJ	227-056777
09/16/92	Cisco Systems Inc	6,000	52.875	54.000	\$ 6,750.00	Lyons/DLJ	227-056777
09/21/92	Borland Intl Inc	10,000	40.000	40.750	\$ 7,500.00	Lyons/DLJ	227-056777
10/01/92	Borland Intl Inc	5,000	40.125	41.500	\$ 6,875.00	Lyons/DLJ	227-056777
10/06/92	BMC Software	3,000	48.000	49.000	\$ 3,000.00	Lyons/DLJ	227-056777
10/13/92	Electronic Arts	10,000	30.625	31.375	\$ 7,500.00	Lyons/DLJ	227-056777
10/19/92	Chiron Corp	5,000	49.500	50.000	\$ 2,500.00	Lyons/DLJ	227-056777
10/22/92	Adaptac Inc	5,000	25.000	25.875	\$ 4,375.00	Lyons/DLJ	227-056777
10/30/92	Cisco Systems Inc	5,000	59.500	60.000	\$ 2,500.00	Lyons/DLJ	227-056777
11/11/92	Wellfleet	3,000	59.500	61.000	\$ 4,500.00	Lyons/DLJ	227-056777
11/18/92	Chiron Corp	3,000	53.750	55.333	\$ 4,749.00	Ignacio/CF	11033278

## LYONS' PROFITABLE PERSONAL DAY TRADES WHILE AT NACM

TRADE DATE	STOCK	NO. SHARES	BUY PRICE	SALE PRICE	PROFIT	ACCOUNT	ACCOUNT #	
73	11/19/92	MTC Electr Technologies Ltd	5,000	19.600	20.625	\$ 5,125.00	Ignacio/CF	11033278
74	12/04/92	MTC Electr Technologies Ltd	5,000	23.000	23.750	\$ 3,750.00	Ignacio/CF	11033278
75	12/07/92	Intel Corp	5,000	77.250	78.000	\$ 3,750.00	Ignacio/CF	11033278
76	12/09/92	Intel Corp	5,000	78.000	79.000	\$ 5,000.00	Ignacio/CF	11033278
77	12/16/92	Intel Corp	5,000	78.000	80.000	\$ 10,000.00	Ignacio/CF	11033278
78	12/18/92	MTC Electr Technologies Ltd	5,000	20.500	21.750	\$ 6,250.00	Ignacio/CF	32445588
79	12/23/92	Intel Corp	3,000	89.000	89.875	\$ 2,625.00	Ignacio/CF	32445588
80	01/13/93	Biogen	8,000	43.660	44.500	\$ 6,720.00	Ignacio/CF	32445588
81	01/20/93	Synergen	5,000	56.850	58.000	\$ 5,750.00	Ignacio/CF	32445588
82	01/26/93	Synergen	3,000	56.000	57.000	\$ 3,000.00	Ignacio/CF	32445588
83	01/27/93	Synergen Inc	6,000	55.125	56.000	\$ 5,250.00	Ignacio/CF	32445588
84	02/16/93	U.S. Healthcare	5,000	43.000	45.000	\$ 10,000.00	Ignacio/CF	32445588
85	02/17/93	Synergen Inc	7,400	44.000	45.190	\$ 8,806.00	Ignacio/CF	32445588
86	02/18/93	Amgen Inc	10,000	49.000	49.750	\$ 7,500.00	Ignacio/CF	32445588
87	02/22/93	Amgen Inc	5,000	41.000	42.250	\$ 6,250.00	Ignacio/CF	32445588
88	03/02/93	Biogen	5,000	30.250	31.250	\$ 5,000.00	Ignacio/CF	32445588
89	03/04/93	BMC Software Inc	5,000	51.960	53.208	\$ 6,240.00	Ignacio/CF	32445588
90	03/12/93	Chiron Corp	5,000	50.163	50.875	\$ 3,563.00	Ignacio/CF	32445588
91	03/18/93	Chiron Corp	20,000	52.150	53.378	\$ 24,550.00	Ignacio/CF	32445588
92	03/18/93	Wellfleet	10,000	42.938	43.500	\$ 5,625.00	Ignacio/CF	32445588
93	03/19/93	Chiron Corp	12,000	48.580	49.875	\$ 15,540.00	Ignacio/CF	32445588
94	03/23/93	BMC Software Inc	3,000	47.833	48.750	\$ 2,751.00	Ignacio/CF	32445588
95	04/14/93	BMC Software Inc	5,000	43.250	44.000	\$ 3,750.00	Ignacio/CF	32445588
96	04/14/93	US Healthcare	10,000	38.500	39.500	\$ 10,000.00	Ignacio/CF	32445588
97	04/22/93	Dell Computer Corp	5,000	29.625	30.375	\$ 3,750.00	Ignacio/CF	32445588
98	05/07/93	Cisco Systems Inc	6,500	48.750	49.000	\$ 1,625.00	Ignacio/CF	32445588
99	05/14/93	Chiron Corp	10,000	57.050	58.125	\$ 10,750.00	Ignacio/CF	32445588
100	05/19/93	BMC Software Inc	6,500	55.100	57.000	\$ 12,350.00	Ignacio/CF	32445588
101	05/24/93	Apple Computer Inc	10,000	57.750	58.375	\$ 6,250.00	Ignacio/CF	32445588
102	05/26/93	Novell	10,000	29.375	29.875	\$ 5,000.00	Ignacio/CF	32445588
103	06/01/93	Apple Computer Inc	5,000	56.750	57.500	\$ 3,750.00	Ignacio/CF	32445588
104	07/12/93	Intel	12,500	53.690	56.500	\$ 35,125.00	Ignacio/CF	32445588
105	12/18/92	MTC Electr Technologies Ltd	3,000	20.750	22.375	\$ 4,875.00	Ignacio/DLJ	227-039831
106	01/08/93	US Healthcare Inc	4,000	43.750	44.500	\$ 3,000.00	Ignacio/DLJ	227-039831
107	02/11/93	FHP Intl Corp	10,000	25.250	26.500	\$ 12,500.00	Ignacio/DLJ	227-039831
108	03/03/93	US Healthcare	5,000	44.500	45.625	\$ 5,625.00	Ignacio/DLJ	227-039831

LYONS' PROFITABLE PERSONAL DAY TRADES WHILE AT NACM

	TRADE DATE	STOCK	NO. SHARES	BUY PRICE	SALE PRICE	PROFIT	ACCOUNT	ACCOUNT #
109	04/22/93	US Healthcare	5,000	41.500	42.500	\$ 5,000.00	Ignacio/DLJ	227-039831
110	04/26/93	Intel Corp	5,000	86.125	87.250	\$ 5,625.00	Ignacio/DLJ	227-039831
111	04/28/93	Chiron Corp	5,000	50.500	51.000	\$ 2,500.00	Ignacio/DLJ	227-039831
112	06/17/93	Zilog Inc	30,000	24.525	25.700	\$ 35,250.00	Ignacio/DLJ	227-039831
113	06/18/93	President Riverboat Casino Inc	12,500	29.500	30.500	\$ 12,500.00	Ignacio/DLJ	227-039831
114	07/12/93	Intel Corp	15,000	54.188	56.625	\$ 36,555.00	Ignacio/DLJ	227-039831
115	07/15/93	Apple	10,000	35.750	36.000	\$ 2,500.00	Ignacio/DLJ	227-039831
116	07/22/93	Microsoft Corp	10,000	80.375	81.000	\$ 6,250.00	Ignacio/DLJ	227-039831
				<b>GRAND TOTAL</b>		<b>\$ 751,749.00</b>		



LYONS' PROFITABLE PERSONAL DAY TRADES WHILE AT LCP

TRADE DATE	STOCK	NO. SHARES	BUY PRICE	SALE PRICE	PROFIT	ACCOUNT	ACCOUNT #
9/20/93	Synoptics Communicat	5000	26.000	26.625	\$ 3,125.00	Ignacio/DLJ	227-039831
9/24/93	Wellfleet	10000	48.125	48.662	\$ 5,370.00	Ignacio/DLJ	227-039831
9/27/93	U.S. HealthCare Inc.	5000	52.250	53.250	\$ 5,000.00	Ignacio/DLJ	227-039831
9/29/93	Wellfleet	5000	49.750	51.000	\$ 6,250.00	Ignacio/DLJ	227-039831
10/5/93	Wellfleet	7000	44.250	45.000	\$ 5,250.00	Ignacio/DLJ	227-039831
10/19/93	Club Car Inc.	2500	19.000	20.750	\$ 4,375.00	Ignacio/DLJ	227-039831
10/29/93	Newbridge Networks	3000	59.750	60.750	\$ 3,000.00	Ignacio/DLJ	227-039831
11/2/93	D S C Commn Corp	6000	66.250	67.125	\$ 5,250.00	Ignacio/DLJ	227-039831
11/11/93	Dreyfus Corp	3000	42.375	43.419	\$ 3,132.00	Ignacio/DLJ	227-039831
11/11/93	U.S. HealthCare Inc.	5000	54.188	55.000	\$ 4,062.50	Ignacio/DLJ	227-039831
11/16/93	Nexel Communications	5000	40.000	41.375	\$ 6,875.00	Ignacio/DLJ	227-039831
12/16/93	D S C Commn Corp	5000	56.000	56.875	\$ 4,375.00	Ignacio/DLJ	227-039831
12/21/93	Newbridge Networks	5000	50.375	51.250	\$ 4,375.00	Ignacio/DLJ	227-039831
12/22/93	Lotus Dev Corp	5000	55.625	56.250	\$ 3,125.00	Ignacio/DLJ	227-039831
2/25/94	Lotus Development Corp	5000	64.250	65.380	\$ 5,650.00	LFT/SpearLeeds	4-3NK551-9
2/28/94	Lotus Development Corp	4000	65.630	66.250	\$ 2,480.00	LFT/SpearLeeds	4-3NK551-9
3/1/94	Lotus Development Corp	3700	67.250	67.880	\$ 2,331.00	LFT/SpearLeeds	4-3NK551-9
3/8/94	Nexel Communications	2000	44.250	45.130	\$ 1,760.00	LFT/SpearLeeds	4-3NK551-9
3/9/94	Nexel Communications	2000	44.110	45.130	\$ 2,040.00	LFT/SpearLeeds	4-3NK551-9
3/14/94	Newbridge Networks	3000	57.690	58.840	\$ 3,450.00	LFT/SpearLeeds	4-3NK551-9
3/25/94	Resound Corp	3000	16.380	17.000	\$ 1,880.00	LFT/SpearLeeds	4-3NK551-9
3/28/94	Newbridge Networks	2500	60.210	61.380	\$ 2,925.00	LFT/SpearLeeds	4-3NK551-9
3/31/94	Cisco Systems Inc.	2500	33.250	34.250	\$ 2,500.00	LFT/SpearLeeds	4-3NK551-9
4/26/94	Microsoft Corp	6000	86.630	87.630	\$ 6,000.00	LFT/SpearLeeds	4-3NK551-9
5/13/94	Wellfleet Comm	4000	74.500	75.630	\$ 4,520.00	LFT/SpearLeeds	4-3NK551-9
6/1/94	Newbridge Networks	2000	43.250	44.250	\$ 2,000.00	LFT/SpearLeeds	4-3NK551-9
6/16/94	Lotus Development	3000	53.630	54.500	\$ 2,610.00	LFT/SpearLeeds	4-3NK551-9
7/29/94	Apple Computer Inc	10000	31.000	31.630	\$ 6,300.00	LFT/SpearLeeds	4-3NK551-9
8/29/94	Cisco Systems Inc.	7000	23.000	23.250	\$ 1,750.00	LFT/SpearLeeds	4-3NK551-9
9/1/94	Micron Technology	10000	41.630	42.660	\$ 10,300.00	LFT/SpearLeeds	4-3NK551-9
9/2/94	Sybase Inc.	4000	45.380	45.880	\$ 2,000.00	LFT/SpearLeeds	4-3NK551-9
9/6/94	Sybase Inc.	4500	44.750	45.630	\$ 3,960.00	LFT/SpearLeeds	4-3NK551-9
9/27/94	Sybase Inc.	4000	49.120	49.810	\$ 2,760.00	LFT/SpearLeeds	4-3NK551-9
9/29/94	Lotus Development Corp	5000	37.375	38.500	\$ 5,625.00	LFT/SpearLeeds	4-3NK551-9
10/4/94	Lotus Development Corp	4000	35.313	35.928	\$ 2,462.00	LFT/SpearLeeds	4-3NK551-9
10/5/94	Lotus Development Corp	4000	35.125	35.750	\$ 2,500.00	LFT/SpearLeeds	4-3NK551-9

PERSONAL DAY TRADES WHILE AT LCP

TRADE DATE	STOCK	NO. SHARES	BUY PRICE	SALE PRICE	PROFIT	ACCOUNT	ACCOUNT #
37	10/25/94 Sci Med Life Sys Inc	2900	44.813	45.875	\$ 3,079.80	LFT/SpearLeeds	4-3NK551-9
38	11/7/94 Sci Med Life Syst Inc	3000	47.130	47.630	\$ 1,500.00	LFT/SpearLeeds	4-3NK551-9
39	1/3/95 Telefonos De Mexico	10000	37.375	38.125	\$ 7,500.00	LFT/SpearLeeds	4-3NK551-9
40	2/17/95 Tele-Comm Inc CL-A	10000	22.938	23.375	\$ 4,375.00	LFT/SpearLeeds	4-3NK551-9
41	2/22/95 Amgen	5000	64.890	65.500	\$ 3,050.00	LFT/SpearLeeds	4-3NK551-9
42	3/1/95 Amgen	5000	65.250	66.000	\$ 3,750.00	LFT/SpearLeeds	4-3NK551-9
43	5/3/95 Chrysler Corp	15000	41.250	42.000	\$ 11,250.00	LFT/SpearLeeds	4-3NK551-9
			<b>GRAND TOTAL</b>		<b>\$ 177,852.30</b>		

CERTIFICATE OF SERVICE

1  
2 I, Magnolia M. Marcelo, am the over the age of 18 years, not a  
3 party to this action, and am a citizen of the United States. My  
4 business address is 5670 Wilshire Boulevard, 11th Floor, Los  
5 Angeles, California 90036. On January 8, 1999, I caused to be  
6 served the following document entitled **FIRST AMENDED COMPLAINT FOR**  
7 **VIOLATIONS OF THE FEDERAL SECURITIES LAWS** by causing to be mailed  
8 true and correct copies thereof in sealed envelope, postage prepaid,  
9 to:

10  
11 Brian D. Miller, Esq.  
12 Jeffrey S. Kob, Esq.  
13 Miller Milove & Kob  
14 The Koll Center  
15 501 West Broadway. Suite 720  
16 San Diego, CA 92101

17  
18 I declare under penalty of perjury that the foregoing is true  
19 and correct.

20  
21  
22  
23  
24  
25  
26  
27  
28  
Dated: January 8, 1999

*Magnolia M. Marcelo*  
Magnolia M. Marcelo