

A. UNITED STATES SECURITIES AND EXCHANGE COMMISSION

LITIGATION RELEASE NO. 16548 \ May 10, 2000

SECURITIES AND EXCHANGE COMMISSION v. JOHN WAYNE ZIDAR, JOHN WESLEY MATTHEWS and ELIZABETH ANNE PHILLIPS, in their personal capacities and doing business as OAKLEAF INTERNATIONAL, ROSEWOOD INTERNATIONAL and MELIORATIONS MANAGEMENT TEEM, No. C00-823C (USDC W.D. Washington).

The Commission announced the filing of a civil action to halt an ongoing fraudulent securities scheme that has raised at least \$40 million from investors nationwide. The Commission's complaint alleges that John Wayne Zidar, of Gilbert, Arizona, John Wesley Matthews, of Chandler, Arizona, and Elizabeth Anne Phillips, formerly of Ravensdale, Washington, head the scheme, which is run under the names Oakleaf International, Rosewood International and Meliorations Management Teem [sic]. Since 1998, Zidar, Matthews and Phillips have allegedly offered investors the twin objectives of capital preservation and 120% annual returns on their investment without specifying the means by which these objectives would be accomplished. In fact, they have allegedly used investor funds for purposes that make it virtually impossible for them to deliver the promised returns, including the purchase of houses and cars for themselves, transfers of millions of dollars to offshore bank accounts that they control and payments of 25 per cent commissions to salespeople.

Through this scheme, Zidar, Matthews and Phillips allegedly 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. Zidar and Phillips also allegedly violated Sections 5(a) and (c) of the Securities Act of 1933. The Commission's action, filed in federal district court in Seattle, seeks a temporary restraining order and preliminary and permanent injunctions to prevent future violations by the defendants, a freeze of their assets and other relief to recover investor funds. The Commission's complaint also names Meliorations Management Teem, a Turks and Caicos Islands trust, as a relief defendant to obtain any additional investor funds possessed by the trust.

The Commission thanks the Office of the United States Attorney for the Western District of Washington for assistance with this action.