

SEC NEWS DIGEST

Issue 97-99

May 22, 1997

ENFORCEMENT PROCEEDINGS

JAMES FREEMAN BARRED

The Commission announced the entry of an Order instituting public administrative proceedings pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934 (Exchange Act), making findings and imposing remedial sanctions (Order) against James G. Freeman (Freeman). Freeman consented to the entry of the Order without admitting or denying the Commission's findings, except as to his prior criminal conviction and the entry of an order of permanent injunction against him, which were admitted. Freeman was formerly a registered representative associated with Freeman Financial Services Corp., a broker-dealer registered with the Commission, and is currently an inmate serving a five-year sentence at the United States Federal Penitentiary in Lompoc, California.

The Order finds that Freeman was convicted in June 1996 in the U.S. District Court for the Eastern District of Missouri of two counts of wire fraud and two counts of monetary transactions with unlawfully derived property. In addition, the Order finds that in October 1996, the United States District Court for the Northern District of California permanently enjoined Freeman from violating Sections 5(a), 5(c), 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

The Commission's complaint in the injunctive action alleged that in connection with the offer, purchase and sale of securities in the form of promissory notes, raising approximately \$26 million from nearly 500 investors, Freeman, directly and indirectly, made misrepresentations and omissions of material fact concerning the nature of investments, the use of investor proceeds, the payment of commissions, the returns to be generated, and the risks involved.

The Order bars Freeman from association with any broker, dealer, municipal securities dealer, investment adviser or investment company. (Rel. 34-38661)

CEASE AND DESIST ORDER ENTERED AGAINST HERBERT BROWN, GEORGE COOK, JARED BROWN AND ROBERT BROWN

On May 22, the Commission issued an Order pursuant to Section 21C of the Securities Exchange Act of 1934 (Exchange Act) against Herbert G. Brown (Herbert Brown) and George W. Cook (Cook), requiring them to cease and desist from committing or causing any violations of, or future violations of, Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 promulgated thereunder; and Jared D. Brown (Jared Brown) and Robert G. Brown (Robert Brown), requiring them to cease and desist from committing or causing any violations of, or future violations of, Sections 13(d) and 16(a) of the Exchange Act and Rules 13d-1, 13d-2, 16a-2 and 16a-3 promulgated thereunder. Herbert Brown is the former Chairman of the Board of Directors, of Checkers Drive-In Restaurants, Inc. (Checkers), and Cook is a former officer and director of Checkers. Jared Brown and Robert Brown are former officers and directors of Checkers and beneficially owned more than five percent of the equity securities of Checkers. Checkers owns and franchises fast food restaurants and its shares are traded on NASDAQ's National Market System. The respondents, without admitting or denying the allegations in the Commission's Order, consented to the entry of the Order finding that Herbert Brown and Cook failed to timely file nineteen Forms 3, 4 and 5 involving changes in beneficial ownership worth more than \$10.3 million; and Jared Brown and Robert Brown failed to timely file two amendments to their Schedule 13(g), and failed to timely file ten Forms 3, 4 and 5 involving changes in beneficial ownership worth more than \$13.8 million. (Rel. 34-38666)

TEMPORARY RESTRAINING ORDER OBTAINED AGAINST NORMAN CORNELIUS

On May 1, the Commission filed a complaint in U.S. District Court, Fort Worth, Texas, against Norman Cornelius (Cornelius) and two companies he allegedly controls, requesting the entry of a temporary restraining order (TRO) for alleged violations of the antifraud and securities registration provisions of the federal securities laws. The Commission alleges that the defendants raised approximately \$12 million from approximately 400 investors through the fraudulent offer and sale of unregistered securities, namely promissory notes, common and preferred stock. The complaint further alleges that Cornelius misappropriated a significant portion of investment funds for unauthorized business and personal uses.

The complaint names three companies allegedly under Cornelius' control as relief defendants, and requests an asset freeze, the appointment of a temporary receiver, preliminary and permanent injunctive relief, disgorgement with prejudgment interest, and civil penalties. The Commission's application for TRO was granted by the Honorable Terry Means, U.S. District Judge. A hearing for a preliminary injunction was held on May 16, 1997, and briefs are due on May 22, 1997. [SEC v. Norman G. Cornelius, et al., 4:97-CV-379-V, USDC, ND/TX, Fort Worth Division] (LR-15369)

ORDER ON DISGORGEMENT AND CIVIL PENALTIES AS TO SAGE TECHNOLOGY AND WILLIAM THIELE

On May 5, the Honorable Horace T. Ward, U.S. District Judge for the Northern District of Georgia, entered separate Orders on disgorgement and civil penalties as to defendants Sage Technology, Inc. (Sage) and William R. Thiele (Thiele). Disgorgement was set in the amount of \$350,000 for each of the two defendants, representing the gains made by Sage and Thiele. Based upon sworn representations made by Sage and Thiele concerning an inability to pay any disgorgement or civil penalties, the Court waived payment of the disgorgement and pre-judgment interest by Sage and Thiele. Further, the Court did not order either defendant to pay civil penalties.

The Commission's complaint, filed on February 15, 1996, alleged that the defendants made material misrepresentations and omissions regarding the financial condition of Sage, its ongoing default on interest payments owed to purchasers of Sage notes, and the credentials of Jamie Edelkind (Edelkind), president, chief scientist and principal shareholder of Sage. On March 11, 1996, an order of permanent injunction was entered against Sage, Thiele and Edelkind enjoining from future violations of the securities laws. For further information, see LR-14818, LR-14834 and LR-14846. [SEC v. Sage Technology, Inc., Jamie Edelkind and William R. Thiele, Civil Action No. 1:96-CV-361-HTW, N.D. Ga.] (LR-15370)

INVESTMENT COMPANY ACT RELEASES

THE VICTORY FUNDS (FORMERLY KNOWN AS THE SOCIETY FUNDS), ET AL.

An order has been issued on an application filed by The Victory Funds (formerly known as The Society Funds), et al. seeking to amend a prior order under Sections 6(c) and 17(b) for an exemption from Sections 12(d)(1)(A) and 17(a), and pursuant to Section 17(d) and Rule 17d-1 thereunder to permit certain joint transactions. The order amends a prior order that permits non-money market series of a fund to purchase shares of one or more of the money market series of such fund by adding new advisers as applicants. (Rel. IC-22677 - May 20)

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGE

The Commission approved a proposed rule change filed by The Options Clearing Corporation (SR-OCC-96-15) that will make permanent the Commission's previous temporary approvals of OCC's modifications to its standards for letters of credit deposited with OCC as a form of margin. Publication of the proposal is expected in the Federal Register during the week of May 26. (Rel. 34-38659)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

The MBS Clearing Corporation filed a proposed rule change (SR-MBSCC-97-04), which became effective upon filing, modifying MBSCC's schedule of charges. Publication of the proposal is expected in the Federal Register during the week of May 26. (Rel. 34-38660)

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.

- F-6 NERA AS /ADR/, 48 WALL ST, C/O BANK OF NEW YORK, NEW YORK, NY 10286
(212) 495-1727 - 500,000 (\$500,000) DEPOSITARY RECEIPTS FOR COMMON STOCK.
(FILE 333-6910 - MAY 13) (BR. 99)
- F-1 SANTA FE INTERNATIONAL CORP/, TWO LINCOLN CENTRE 5420 LBJ FRWY,
SUITE 1100, DALLAS, TX 75240 (972) 701-7300 - 34,500,000 (\$931,500,000)
FOREIGN COMMON STOCK. (FILE 333-6912 - MAY 14) (BR 4 - NEW ISSUE)
- S-3 CENTURY TELEPHONE ENTERPRISES INC, P O BOX 4065, 100 CENTURY PARK DR,
MONROE, LA 71211 (318) 388-9500 - 200,000 (\$5,850,000) COMMON STOCK
(FILE 333-27165 - MAY 15) (BR. 3)
- S-8 REINSURANCE GROUP OF AMERICA INC, 660 MASON RIDGE CENTER DR, ST LOUIS,
MO 63141 (314) 453-7439 - 50,000 (\$2,684,375) COMMON STOCK. (FILE
333-27167 - MAY 15) (BR 1)
- S-8 INDEPENDENT BANK CORP, 288 UNION ST, ROCKLAND, MA 02370 (617) 878-6100
- 500,000 (\$5,281,250) COMMON STOCK. (FILE 333-27169 - MAY. 15) (BR. 7)
- S-3 IGI INC, WHEAT ROAD AND LINCOCN AVENUE, P O BOX 687, BUENA, NJ 08310
(609) 697-1441 - 110,000 (\$570,625) COMMON STOCK (FILE 333-27173 -
MAY 15) (BR. 1)
- S-3 ECOGEN INC, 2005 CABOT BLVD W, LANGHORNE, PA 19047 (215) 757-1590 -
136,000 (\$369,920) COMMON STOCK (FILE 333-27175 - MAY. 15) (BR. 4)
- S-8 GABLES RESIDENTIAL TRUST, 2859 PACES FERRY RD, OVERLOOK III STE 1450,
ATLANTA, GA 30339 (770) 436-4600 - 1,000,000 (\$25,375,000) COMMON STOCK.
(FILE 333-27177 - MAY 15) (BR. 8)
- SB-2 OMEGA ORTHODONTICS INC, 3621 SILVER SPUR LANE, ACTON, CA 93510
(805) 269-2841 - 2,070,000 (\$12,420,000) COMMON STOCK 2,250,000
(\$207,018) WARRANTS, OPTIONS OR RIGHTS 2,610,000 (\$16,167,600)
COMMON STOCK. (FILE 333-27179 - MAY 15) (BR 9)
- S-3 STERLING BANCSHARES CAPITAL TRUST I, 15000 NORTHWEST FREEWY, HOUSTON, TX
77040 (713) 466-8300 - 1,150,000 (\$28,750,000) PREFERRED STOCK. (FILE
333-27185 - MAY. 15) (NEW ISSUE)
- S-3 STERLING BANCSHARES INC, 15000 NORTHWEST FRWY STE 308, HOUSTON, TX 77040
(713) 466-8300 (FILE 333-27185-01 - MAY. 15) (BR. 7)
- S-8 NATIONAL VISION ASSOCIATES LTD, 296 GRAYSON HWY, LAWRENCEVILLE, GA 30245
(770) 822-3600 - 230,000 (\$1,020,625) COMMON STOCK. (FILE 333-27187 -
MAY 15) (BR. 2)

S-3 INTERNATIONAL REMOTE IMAGING SYSTEMS INC /DE/, 9162 ETON AVE,
CHATSORTH, CA 91311 (818) 709-1244 - 1,180,000 (\$4,130,000) COMMON STOCK.
(FILE 333-27189 - MAY. 15) (BR. 1)

S-8 SPORT SUPPLY GROUP INC ET AL, 1901 DIPLOMAT DR, FARMERS BRANCH, TX 75234
(214) 484-9484 - 800,000 (\$4,900,000) COMMON STOCK. (FILE 333-27191 -
MAY 15) (BR. 2)

S-8 SPORT SUPPLY GROUP INC ET AL, 1901 DIPLOMAT DR, FARMERS BRANCH, TX 75234
(214) 484-9484 - 675,000 (\$4,134,375) COMMON STOCK. (FILE 333-27193 -
MAY. 15) (BR 2)

S-8 BETZDEARBORN INC, 4636 SOMERTON RD, TREVSE, PA 19053 (215) 355-3300 -
400,000 (\$21,208,000) COMMON STOCK. (FILE 333-27195 - MAY 15) (BR. 4)

SB-2 PROFLIGHT MEDICAL RESPONSE INC, 12420 E CONTROL TOWER RD, ENGLEWOOD, CO
80112 (800) 949-8357 - 900,000 (\$3,825,000) COMMON STOCK 900,000
(\$90,000) WARRANTS, OPTIONS OR RIGHTS. (FILE 333-27197 - MAY 15)
(NEW ISSUE)

S-8 MERCURY WASTE SOLUTIONS INC, 302 N RIVERFRONT DR, STE 100A, MANKATO, MN
56001 (612) 635-0080 - 185,500 (\$892,718 75) COMMON STOCK (FILE
333-27199 - MAY. 15) (BR 9)

S-8 COLONIAL PROPERTIES TRUST, 2101 SIXTH AVE N STE 750, STE 750,
BIRMINGHAM, AL 35202 (205) 250-8810 - 150,000 (\$4,041,000) COMMON STOCK.
(FILE 333-27201 - MAY. 15) (BR 8)

S-8 COLONIAL PROPERTIES TRUST, 2101 SIXTH AVE N STE 750, STE 750,
BIRMINGHAM, AL 35202 (205) 250-8810 - 375,000 (\$10,102,500) COMMON STOCK
(FILE 333-27203 - MAY. 15) (BR 8)

S-8 COLONIAL PROPERTIES TRUST, 2101 SIXTH AVE N STE 750, STE 750,
BIRMINGHAM, AL 35202 (205) 250-8810 - 50,000 (\$1,347,000) COMMON STOCK.
(FILE 333-27205 - MAY 15) (BR. 8)

S-8 MEDIALINK WORLDWIDE INC, 708 THIRD AVE, NEW YORK, NY 10017
(212) 682-8300 - 812,648 (\$5,586,955) COMMON STOCK (FILE 333-27207 -
MAY 15) (BR 3)

S-8 PEGASUS GOLD INC, 601 W FIRST ST, STE 1500, SPOKANE, WA 99204
(509) 624-4653 - 360,000 (\$2,610,000) COMMON STOCK (FILE 333-27209 -
MAY 15) (BR 4)

S-8 KROGER CO, 1014 VINE ST, CINCINNATI, OH 45202 (513) 762-4000 -
10,000,000 (\$270,000,000) COMMON STOCK (FILE 333-27211 - MAY 15)
(BR 2)

S-1 PIERCING PAGODA INC, 3910 ADLER PL, P O BOX 25007, LEHIGH VALLEY, PA
18002 (610) 691-0437 - 1,782,500 (\$46,902,031 25) COMMON STOCK (FILE
333-27213 - MAY. 15) (BR 2)

S-8 CAPSTEAD MORTGAGE CORP, 2711 NORTH HASKELL AVE, STE 900, DALLAS, TX
75204 (214) 874-2323 - 2,000,000 (\$47,500,000) COMMON STOCK. (FILE
333-27215 - MAY. 15) (BR 8)

SB-2 EMILY ANNIE INC, 392 CENTRAL PARK WEST, NEW YORK, NY 10023
(212) 362-7813 - 120,000 (\$720,000) COMMON STOCK (FILE 333-27217 -
MAY. 15) (NEW ISSUE)

S-8 HEALTH PROFESSIONALS INC /DE/, 515 EAST LAS OLAS BLVD STE 1600,
FORT LAUDERDALE, FL 33301 (305) 766-2552 - 300,000 (\$375,000) COMMON STOCK
(FILE 333-27223 - MAY 15) (BR 1)

N-2 DEM INC, 401 E PRATT ST 28TH FL, C/O WORLD TRADE CENTER, BALTIMORE, MD
21202 (800) 752-1013 - 1,000,000 (\$15,000,000) COMMON STOCK (FILE
333-27225 - MAY. 15) (BR 17)

SB-2 AUTOMOTIVE ONE PARTS STORES INC, 701 W CHURCH STREET, ORLANDO, FL 32801
(407) 422-1110 - \$31,607,966 COMMON STOCK (FILE 333-27227 - MAY 15)
(NEW ISSUE)

- S-3 BANK OF BOSTON CORP, 100 FEDERAL ST, BOSTON, MA 02110 (617) 434-2200 -
250,000,000 (\$250,000,000) FLOATING RATE NOTES. (FILE 333-27229 - MAY. 16)
(BR 7)
- S-3 OIL DRI CORPORATION OF AMERICA, 410 N MICHIGAN AVE STE 400, CHICAGO, IL
60611 (312) 321-1515 - 500,000 (\$7,781,250) COMMON STOCK. (FILE 333-27231
- MAY 16) (BR 6)
- S-3 GATX CORP, 500 W MONROE ST, CHICAGO, IL 60661 (312) 621-6200 -
3,897,477 (\$223,374,151) COMMON STOCK (FILE 333-27235 - MAY 16) (BR. 5)



U.S. Securities and Exchange Commission
Washington, D.C. 20549 (202) 942-0020

News
Release

FOR IMMEDIATE RELEASE

97-42

SEC TO CONSIDER ONE ITEM AT OPEN MEETING

Washington, D.C., May 22, 1997 -- The Securities and Exchange Commission will consider one item at an open meeting conducted under the Government in the Sunshine Act on Friday, May 23, at 1:00 p.m. The meeting will be held in Room 1C30, at the Commission's headquarters building, 450 Fifth Street, N.W., Washington, D.C. The item for discussion is:

- a concept release that would solicit comment on revising the Commission's oversight of alternative trading systems, national securities exchanges, and foreign market activities in the United States. The Commission is reevaluating its regulation of such entities in light of technological advances and the corresponding growth of alternative trading systems and cross-border trading opportunities.

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Any member of the public who requires auxiliary aids such as a sign-language interpreter or material on tape to attend a public meeting should contact Rochelle Franks, Office of Administrative and Personnel Management, to make arrangements. Ms. Franks can be reached at (202) 942-9558, or at a TTY number, (202) 942-4075. Staff members at the Commission are encouraged to contact Ms. Franks if they receive inquiries on availability of auxiliary aids.