

# SEC NEWS DIGEST

Issue 96-126

July 5, 1996

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## ENFORCEMENT PROCEEDINGS

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### COMPLAINT FILED AGAINST JAMES FREEMAN

The Commission announced that on June 25 a complaint was filed in the U.S. District Court for the Northern District of California against James G. Freeman (Freeman) and 20 related companies controlled by Freeman seeking an order of permanent injunction, disgorgement and civil penalties for violations of the registration and anti-fraud provisions of the federal securities laws.

The Commission's complaint alleges that from approximately April 1994 through April 1995, Freeman operated a nation-wide "Ponzi" scheme by selling promissory notes through his 20 related companies. Freeman's Ponzi scheme involved nearly 500 investors and raised over \$26 million in proceeds. In connection therewith, Freeman made misrepresentations and omissions of material fact concerning the nature of the investments, the legitimacy of the investments, the use of investor proceeds, the returns to be generated, the commissions to be paid, and the risks involved. As a part of this scheme, Freeman misappropriated approximately \$4.45 million from investors. [SEC v. James G. Freeman et al., N.D. California, Civil Action No. C-96-2316-WHO] (LR-14970)

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## INVESTMENT COMPANY ACT RELEASES

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### NORWEST FUNDS, ET AL.

An order has been issued under Section 17(d) of the Investment Company Act and Rule 17d-1 thereunder to permit certain investment companies and certain private accounts to deposit their uninvested cash balances in one or more joint trading accounts to be used to enter into short-term investments. (Rel. IC-22050 - July 2)

T. ROWE PRICE INTERNATIONAL FUNDS, INC., ET AL.

A notice has been issued giving interested persons until July 29 to request a hearing on an application filed by T. Rowe Price International Funds, Inc., et al. for an order under Section 10(f) of the Investment Company Act. The order would permit T. Rowe Price International Funds, Inc., T. Rowe Price International Series, Inc., and Institutional International Fund, Inc. to purchase securities that are not registered under the Securities Act of 1933 from an underwriting syndicate when the funds' investment adviser is an affiliated person of a principal underwriter in the syndicate. (Rel. IC-22051; IS-1000 - July 2)

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**SELF-REGULATORY ORGANIZATIONS**

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PROPOSED RULE CHANGES

The Pacific Stock Exchange filed a proposed rule change (SR-PSE-96-21) to limit the liability of the Exchange and its Governors, Officers, and Agents. Publication of the notice is expected in the Federal Register during the week of July 8. (Rel. 34-37391)

The Chicago Board Options Exchange filed a proposed rule change (SR-CBOE-96-35) to amend the firm facilitation exemption provisions of its common or basic position limit rule. Publication of the notice is expected in the Federal Register during the week of July 8. (Rel. 34-37393)

The Philadelphia Stock Exchange filed a proposed rule change (SR-Phlx-96-19) to establish a firm facilitation exemption. Publication of the notice is expected in the Federal Register during the week of July 8. (Rel. 34-37398)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

The Municipal Securities Rulemaking Board filed a proposed rule change (SR-MSRB-96-03) to amend MSRB Rule G-15, regarding confirmation, clearance and settlement of transactions with customers, and MSRB Rule G-33 regarding calculations. The proposal was effective upon filing but does not become operative for thirty days from the date of its filing on May 29. Publication of the proposal is expected in the Federal Register during the week of July 8. (Rel. 34-37397)

DELISTING GRANTED

An order has been issued granting the application of the Boston Stock Exchange to strike from listing and registration Transco Realty Trust, Shares of Beneficial Interest, No Par Value. (Rel. 34-37399)

## WITHDRAWALS GRANTED

An order has been issued granting the application of Disc Graphics, Inc., to withdraw from listing and registration on its Common Stock, \$.01 Par Value on the American Stock Exchange. (Rel. 34-37400)

An order has been issued granting the application of Del Global Technologies Corp., to withdraw from listing and registration on its Common Stock, \$.10 Par Value on the American Stock Exchange. (Rel. 34-37401)