

sec news digest

Issue 95-240

December 14, 1995

ENFORCEMENT PROCEEDINGS

RICHARD BROWN BARRED AND HIBBARD BROWN & CO.'S REGISTRATION REVOKED

The Commission has entered an order barring Richard P. Brown, the President of Hibbard Brown & Co., from associating with regulated entities, revoking Hibbard's broker-dealer registration, ordering Brown and Hibbard to cease and desist from securities law violations, imposing upon Brown a \$100,000 civil penalty, ordering Brown to deposit \$300,000 into an escrow account for the benefit of investors, and ordering disgorgement from Hibbard of over \$3 million, to be filed as a claim in Hibbard's pending bankruptcy. Brown and Hibbard consented to the order without admitting or denying the Commission's findings. In the order, the Commission finds that Brown and Hibbard fraudulently manipulated the price of Of Counsel Enterprises, Inc. securities. The order finds that between November 16, 1993, when Of Counsel's IPO became effective, and December 8, 1993, Hibbard and others purchased approximately 95.7% of the available Of Counsel units, and manipulated their price from \$3.25 to \$8. Hibbard subsequently sold its Of Counsel securities and profited by approximately \$3 million. The order also finds that Hibbard, aided and abetted by Brown, failed to file Schedules 13D and Forms 3, 4 and 5 reflecting its Of Counsel holdings, and filed a false Schedule 13G. (Rel. Nos. 33-7247; 34-36579)

PSYCHOTHERAPIST CONSENTS TO PERMANENT INJUNCTION, DISGORGEMENT AND CIVIL PENALTY IN CASE ALLEGING MISAPPROPRIATION OF INFORMATION CONFIDED BY A PATIENT, AND PLEADS GUILTY TO A FELONY INSIDER TRADING VIOLATION; CASE AGAINST TIPPEE ALLEGED REMAINS PENDING

The Commission announced that it filed a complaint in the United States District Court for the Central District of California against Mervyn Cooper (Cooper), a psychotherapist and licensed clinical social worker, and Kenneth E. Rottenberg (Rottenberg), alleging violations of Section 10(b) of the Securities Exchange Act of 1934

(Exchange Act) and Rule 10b-5 thereunder. Without admitting or denying the allegations, Cooper simultaneously consented to the entry of a Final Judgment enjoining him from future violations of Section 10(b) and Rule 10b-5, and ordering him to disgorge \$53,458.02 (plus prejudgment interest) and pay a \$53,458.02 civil penalty. Cooper also pleaded guilty to a criminal a felony count of violating Section 10(b) and Rule 10b-5. The litigation with Rottenberg is pending.

The complaint alleges that, during therapy in August 1994, a patient -- a Lockheed Corporation executive -- confided to Cooper material, nonpublic information concerning the impending announcement of a major Lockheed transaction. The complaint alleges that Cooper, in breach of his duty to keep that information confidential, tipped Rottenberg, and they purchased short-term, out-of-the-money Lockheed call options and Lockheed common stock. The complaint alleges that, after the August 29, 1994, announcement of Lockheed's plans to merge with Martin Marietta Corporation, Cooper and Rottenberg sold their Lockheed securities resulting in combined illegal profits of \$177,235.60. [SEC v. Cooper, et al., Civil Action No. 95-8535, RJK, C.D. Cal.] (LR-14754 and LR-14755)

PRELIMINARY INJUNCTION ENTERED AGAINST CERTAIN PURCHASERS OF THE COMMON STOCK OF CBI INDUSTRIES, INC.

On December 12, the Honorable Milton Pollack entered a Preliminary Injunction Freezing Assets and Order Granting Other Relief (Order), along with Findings of Fact and Conclusions of Law, against certain unknown purchasers of the common stock of CBI Industries, Inc. The Order, which supersedes a prior temporary restraining order issued by the Court, continues to freeze the defendants' shares of CBI stock and any proceeds of sales of such stock. It also requires the defendants to identify themselves. To date, the Commission has frozen securities worth over \$2,000,000.

The Commission previously had filed a complaint against the defendants on November 14, 1995. In its complaint, the Commission alleged that the defendants violated Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3 thereunder in connection with their highly profitable purchases of CBI common stock through the offices of foreign financial institutions just days before the first public announcement that Praxair, Inc. intended to commence a takeover of CBI. On November 14, 1995, the Court granted the Commission's application for emergency relief which included an asset freeze to prevent the defendants from removing the common stock of CBI and the proceeds of any sales of such stock beyond the jurisdiction of the Court. On November 22, 1995, The Honorable Milton Pollack extended the temporary restraining order freezing the defendants' assets until December 13. [SEC v. Certain Purchasers of the Common Stock of CBI Industries, Inc., USDC SDNY, 95 Civ. 9651, MP] (LR-14756)

INVESTMENT COMPANY ACT RELEASES

VARIABLE INSURANCE FUNDS, ET AL.

A notice has been issued giving interested persons until January 8 to request a hearing on an application filed by Variable Insurance Funds (Fund), the Winsbury Company and Qualivest Capital Management, Inc. for an order pursuant to Section 6(c) of the Investment Company Act granting exemptions from the provisions of Sections 9(a), 13(a), 15(a), and 15(b) of the Act and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder to the extent necessary to permit shares of existing and future series of the Fund and shares of any other investment company that is designed to fund insurance products and for which Winsbury, or any of its affiliates, may serve as principal underwriter and administrator to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies. (Rel. IC-21592 - December 12)

FIRST NATIONAL BANK OF SOUTHERN AFRICA LTD.

A notice has been issued giving interested persons until January 8 to request a hearing on an application filed by First National Bank of Southern Africa, Ltd. (First National Bank) for an order under Section 6(c) of the Investment Company Act granting an exemption from Section 17(f) of the Act. The order would permit United States registered investment companies, other than investment companies registered under Section 7(d), for which First National Bank serves as custodian or subcustodian, to maintain foreign securities and other assets in foreign affiliates located in Botswana, Namibia, and Zimbabwe. (Rel. IC-21593; International Series Rel. 901 - December 12)

SIRROM CAPITAL CORPORATION

A notice has been issued giving interested persons until January 8 to request a hearing on an application filed by Sirrom Capital Corporation for an order under Section 61(a)(3)(B) of the Investment Company Act approving applicant's stock option plan for non-employee directors and the grant of certain stock options thereunder. (Rel. IC-21594 - December 13)

BANK OBC - ODIER BUNGENER COURVOISIER and ABN AMRO BANK N.V.

An order has been issued on an application filed by Banque OBC - Odier Bungener Courvoisier (Banque OBC) and ABN AMRO Bank N.V. (Bank) under Section 6(c) of the Investment Company Act for an exemption from Section 17(f) of the Act. The order permits Banque OBC, a subsidiary of the Bank, to act as custodian for investment company assets in France. (Rel. IC-21595; International Series Rel. 902 - December 13)

SELF-REGULATORY ORGANIZATIONS

WITHDRAWALS SOUGHT

A notice has been issued giving interested persons until January 5 to comment on the application of Keithley Instruments, Inc. to withdraw from listing and registration on the American Stock Exchange its Common Shares, Without Par Value. (Rel. 34-36583)

A notice has been issued giving interested persons until January 5 to comment on the application Readicare, Inc. to withdraw from listing and registration on the American Stock Exchange its Common Stock, \$.01 Par Value. (Rel. 34-36584)

IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE

A proposed rule change (SR-CBOE-95-69) filed by the Chicago Board Options Exchange to reduce its fee charged to member organizations that apply for Exchange approval to conduct a non-member customer business and to amend its Inactive Nominee Status Change Fee has become immediately effective under Section 19(b)(3)(A) of the Securities Exchange Act of 1934. Publication of the notice is expected in the Federal Register during the week of December 18. (Rel. 34-36575)

PROPOSED RULE CHANGE

The Chicago Stock Exchange filed a proposed rule change (SR-CHX-95-25) to establish a minor rule violation procedure and reporting plan. Publication of the proposal is expected in the Federal Register during the week of December 18. (Rel. 34-36576)

ACCELERATED APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposal (SR-PHLX-95-78) filed by the Philadelphia Stock Exchange which extends the Exchange's Automated Options Market (AUTOM) system for a one year period ending December 31, 1996. Publication of the order is expected in the Federal Register during the week of December 18. (Rel. 34-36582)

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 - depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

- S-4 RH ACQUISITION CORP, C/O WINTHROP STIMSON PUTNAM & ROBERTS,
ONE BATTERY PARK PLAZA, NEW YORK, NY 10004 (212) 858-1000 - 284,127,415
(\$7,312,909,476) COMMON STOCK. 11,488,314 (\$880,008,150) PREFERRED STOCK.
(FILE 33-64799 - DEC. 07) (BR. 1 - NEW ISSUE)
- S-4 CUC INTERNATIONAL INC /DE/, 707 SUMMER ST, STAMFORD, CT 06901
(203) 324-9261 - 7,519,903 (\$274,025,265) COMMON STOCK. (FILE 33-64801 -
DEC. 07) (BR. 10)
- S-3 HUGHES SUPPLY INC, 20 N ORANGE AVE, STE 200, P O BOX 2273, ORLANDO, FL
32802 (407) 841-4755 - 290,950 (\$7,746,544) COMMON STOCK. (FILE 33-64803 -
DEC. 07) (BR. 3)
- S-8 LONE STAR TECHNOLOGIES INC, 5501 LBJ FREEWAY STE 1200, DALLAS, TX 75380
(214) 386-3981 - 1,200,000 (\$10,500,000) COMMON STOCK. (FILE 33-64805 -
DEC. 07) (BR. 6)
- S-4 SOVEREIGN BANCORP INC, 1130 BERKSHIRE BLVD, WYOMISSING, PA 19610
(610) 320-8400 - 2,035,196 (\$15,518,369.70) COMMON STOCK. (FILE 33-64807 -
DEC. 07) (BR. 1)
- S-4 BRADLEY REAL ESTATE INC, 250 BOYLSTON ST, BOSTON, MA 02116
(617) 867-4200 - 7,428,202 (\$98,126,548) COMMON STOCK. (FILE 33-64811 -
DEC. 07) (BR. 6)
- S-3 POTLATCH CORP, ONE MARITIME PLZ, SAN FRANCISCO, CA 94111 (415) 576-8800
- 100,000,000 (\$100,000,000) STRAIGHT BONDS. (FILE 33-64813 - DEC. 07)
(BR. 9)
- S-8 ITT DESTINATIONS INC, 1330 AVE OF THE AMERICAS, NEW YORK, NY 10019
(212) 258-1000 - 500,000 (\$12,620,000) COMMON STOCK. (FILE 33-64815 -
DEC. 07) (BR. 7)
- S-8 ITT DESTINATIONS INC, 1330 AVE OF THE AMERICAS, NEW YORK, NY 10019
(212) 258-1000 - 14,000,000 (\$353,360,000) COMMON STOCK. (FILE 33-64817 -
DEC. 07) (BR. 7)
- S-3 EASTGROUP PROPERTIES, 188 E CAPITOL ST STE 300,
300 ONE JACKSON PL P O BOX 22728, JACKSON, MS 39225 (601) 354-3555 -
1,700,000 (\$35,700,000) COMMON STOCK. (FILE 33-64819 - DEC. 07) (BR. 6)
- S-3 MIDLAND CO, 537 E PETE ROSE WAY, CINCINNATI, OH 45202 (513) 721-3777 -
100,000 (\$4,943,750) COMMON STOCK. (FILE 33-64821 - DEC. 07) (BR. 10)
- S-8 EDMARK CORP, 6727 185TH AVE NE, PO BOX 97021, REDMOND, WA 98052
(206) 556-8400 - 120,000 (\$4,770,000) COMMON STOCK. (FILE 33-64823 -
DEC. 07) (BR. 12)
- S-8 EDMARK CORP, 6727 185TH AVE NE, PO BOX 97021, REDMOND, WA 98052
(206) 556-8400 - 375,000 (\$14,906,250) COMMON STOCK. (FILE 33-64825 -
DEC. 07) (BR. 12)

REGISTRATIONS CONT.

S-8 MICROMETICS WIRELESS INC, 26 HAMPSHIRE DR, HUDSON, NH 03051
(603) 883-2900 - 300,000 (\$632,800) COMMON STOCK. (FILE 33-80151 -
DEC. 07) (BR. 3)

S-8 JAMES RIVER BANKSHARES INC, 101 EAST WASHINGTON ST, SUFFOLK, VA 23434
(804) 539-0241 - 6,000 (\$75,300) COMMON STOCK. (FILE 33-99156 - NOV. 09)
(BR. 2)

S-8 SCHWEITZER MAJDUIT INTERNATIONAL INC,
N POINT CENTER EAST NORTH POINT PLACE, ALPHARETTA, GA 30202 (800) 514-0186
- 200,000 (\$4,738,000) COMMON STOCK. (FILE 33-99814 - NOV. 30) (BR. 8)