

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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ALLEGHENY POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-14819) authorizing Allegheny Power System, Inc., New York holding company, to make loans to two subsidiaries as follows: The Potomac Edison Company, of Frederick, Md., \$5,500,000; and Cumberland Valley Electric Company, Mercersburg, Pa., \$500,000. The subsidiaries will use the funds to pay outstanding notes due the parent in the respective face amounts of \$4,500,000 and \$500,000; and the \$1,000,000 balance of the loan to Potomac Edison will be used in aid of its construction program for 1963, estimated at \$18,500,000.

NEW ENGLAND ELECTRIC SYSTEM SEEKS ORDER. New England Electric System, Boston holding company, and The Mystic Power Company, a utility subsidiary of NEES, have applied to the SEC for an order under the Holding Company Act authorizing Mystic's proposed sale of its utility facilities and related properties located in Connecticut and its franchises (except that to be a corporation) to The Connecticut Light and Power Company for \$3,200,000 in cash (plus certain other amounts to be determined at the time of transfer); and the Commission has issued an order (Release 35-14820) giving interested persons until March 28 to request a hearing thereon. Mystic now purchases its electric energy requirements from the Narragansett Electric Company, another NEES subsidiary, and the application states that power supply problems indicated that it would be more economical for Mystic's customers to be served directly by a Connecticut public-utility company. Mystic proposes to use the proceeds derived from the sale, together with other funds, to pay all of its unsecured notes payable outstanding at the time of the transfer of its assets, together with its other liabilities, and also to pay a partial, and subsequently a final, dividend in liquidation to NEES which will use the funds received in furtherance of the construction program of its other subsidiaries.

COLUMBIA GAS SYSTEM SEEKS ORDER. The Columbia Gas System, Inc., New York holding company, and 16 of its subsidiaries, have applied to the SEC for an order under the Holding Company Act authorizing the subsidiaries to prepay from time to time prior to the end of 1963, not in excess of an aggregate of \$63,600,000 of their outstanding installment promissory notes held by Columbia; and the Commission has issued an order (Release 35-14821) giving interested persons until March 28 to request a hearing thereon. As any of the subsidiaries require funds for construction and other corporate purposes after prepayment of the notes, it is proposed that advances be made to them on open account by Columbia, provided that at no time will the amount of such advances to any subsidiary exceed the amount of notes previously prepaid by it.

INDIANA & MICHIGAN ELECTRIC BORROWINGS APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14822) authorizing Indiana & Michigan Electric Company, Fort Wayne utility subsidiary of American Electric Power Company, Inc., a registered holding company, to borrow from time to time prior to March 1964 not to exceed \$29,000,000 from ten commercial banks. The proceeds will be used to pay part of the cost of the company's 1963 construction program (estimated at \$62,000,000).

INVESTORS MUTUAL, ET AL. ORDER. The SEC has issued a further order under the Investment Company Act (Release IC-3646) with respect to an application filed by Randolph Phillips seeking a determination by the Commission that Bertin C. Gamble, Gamble-Skogmo, Inc. and General Outdoor Advertising Company, acting collectively either alone or in concert with the so-called "Murchison group" had acquired control of Alleghany Corporation and of Investors Diversified Services, Inc. In its order, the Commission specifies the following as an additional issue to be considered when the hearing resumes March 19: "Whether Bertin C. Gamble or Gamble-Skogmo, Inc. or General Outdoor Advertising Company individually or in any combination one with another has acquired the power to exercise a controlling influence over the management or policies of Alleghany Corporation or Investors Diversified Services, Inc., or both."

ELECTRONICS CAPITAL RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3647) authorizing certain transactions incident to a proposed merger of Communications Controls Corporation, a Delaware company, and Dynair, Inc., a California company. Electronics Capital Corporation, San Diego closed-end investment company, owns \$335,000 of convertible debentures and notes of Communications which are convertible into 65.5% of the total outstanding stock of Communications, and upon the merger, it will engage in a series of transactions in which it will exchange holdings of debentures and notes of Communications for about 23% of the stock of the surviving company (plus a \$100,000 convertible debenture).

COMMON MARKET FUND FILES FOR STOCK OFFERING. Common Market Fund, Inc., 9465 Wilshire Blvd., Beverly Hills, Calif., filed a registration statement (File 2-21132) with the SEC on March 7 seeking registration of 2,000,000 shares of capital stock, to be offered for public sale at net asset value plus a sales charge of 8.5% to the underwriter, Kennedy, Cabot & Co., of the Wilshire Blvd. address.

Organized under Maryland law in November 1962 (under the name Israel Euromart Fund, Inc.) the Fund is registered under the Investment Company Act of 1940 as an open-end investment company. It intends to invest its assets principally in securities of foreign companies and American companies with substantial foreign operations (chiefly in the European Common Market countries) which the management considers to offer better than average opportunities for long-term capital appreciation because of their foreign activities. Cabot Management Corporation will serve as the Fund's investment adviser. David Paul Kane, president of the Fund, is also president of the underwriter and 85% owner of the adviser.

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HOLLY SUGAR CORP. PROPOSES DEBENTURE OFFERING. Holly Sugar Corporation, Holly Sugar Building, Colorado Springs, Colo., filed a registration statement (File 2-21133) with the SEC on March 7 seeking registration of \$10,000,000 of convertible subordinated debentures due 1983, to be offered for public sale at 100% of principal amount through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York. The interest rate and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of beet sugar and sugar beet by-products and in the sale of livestock, beet seed and fertilizer. The net proceeds from the debenture sale, together with proceeds from proposed borrowings, will be applied to the cost of constructing a sugar beet processing plant near Hereford, Texas (estimated at \$18,200,000). The company has outstanding 677,981 shares of common stock, of which management officials as a group own 3.1%. In addition, Merrill E. Shoup, board chairman, and The First National Bank of Denver, as co-trustees of a trust, hold of record 11.9%. Dennis O'Rourke is president.

COMPLAINT CITES LOVELITE COSMETICS. The SEC San Francisco Regional Office announced March 6 (LR-2530) the filing of court action (USDC, Las Vegas) seeking to enjoin Lovelite Cosmetics, Inc., Frank E. Nemeč, its president and board chairman (of Las Vegas), Frank Gancarz, vice president (of Las Vegas), and Walter Gancarz (of Muskegon, Mich.) from violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of capital shares of Lovelite.

COMPLAINT CITES AILEEN M. CARLSON, OTHERS. The SEC Chicago Regional Office announced today (LR-2531) the filing of court action (USDC, ED, Mich.) seeking to enjoin Aileen M. Carlson, doing business as Tower Service Company, of Parkersburg, W. Va., and Penn Exploration Company, and Herbert E. Everett, both of Detroit, from further violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of fractional undivided working interests in oil and gas leases on tracts of land situated in certain counties in Ohio and West Virginia.

TRADING IN CONTINENTAL VENDING SUSPENDED. The SEC today announced the issuance of an order pursuant to Section 19(a)(4) of the Securities Exchange Act of 1934 temporarily suspending trading in securities of Continental Vending Machine Corporation, of Westbury, L.I., N. Y., for the ten-day period March 8 to 17, 1963, inclusive. The suspension applies to trading in Continental's common stock and its 6% Convertible Subordinated Debentures due 1976 on the American Stock Exchange, where trading was suspended by action of the Exchange on February 27, 1963, to trading in the Continental common on the Philadelphia-Baltimore-Washington Stock Exchange, and to trading in both issues on the over-the-counter market.

Continental Vending is engaged in the manufacture, sale and servicing of vending machines. Its Form 10-K report for the fiscal year ended September 30, 1962, was due January 28, 1963. On request of the company, the due date was extended to February 28, 1963, the report has not yet been filed, and a request for further extension has been denied by the Commission.

Upon the basis of an investigation conducted by the Commission, it appears that certain material facts with respect to the financial condition of the company, including particularly the collectibility of certain loans or advances to an affiliate, have not been made public by the company. Thus, information is not available upon the basis of which investors may make an informed evaluation of the worth of Continental's securities. Accordingly, suspension of trading in the securities was deemed necessary in the public interest and for the protection of investors.

ADVANCE: Following for Newspapers of March 11, 1963.

SEC SUGGESTS CONFERENCE ON COLLECTIVE FUNDS UNDER SMATHERS-KEOGH BILL. Chairman William L. Cary of the SEC has sent a letter to Reese H. Harris, Executive Vice President of Manufacturers Hanover Trust Company and chairman of a committee to assist the Comptroller of the Currency in his proposed comprehensive revision of Regulation 9 (Fiduciary Power of National Banks and Collective Investment Funds), which would broaden the powers of national banks with respect to collective investment funds, in which letter Chairman Cary suggests a conference with Mr. Harris and members of his committee to discuss various matters stemming from the applicability of the Securities Act and the Investment Company Act to such funds and to facilitate registration as expeditiously as possible. While the Commission "would not presume to make suggestions concerning the extent to which national banks should be free to have collective investment vehicles available to the public," Chairman Cary commented, "I am sure you are aware that some uses of these funds raise questions under the federal securities laws which it is our responsibility to administer." A conference at a mutually convenient time in the near future was suggested. (Release 33-4589)

Some proposals for the use of collective investment funds in connection with self-employed retirement plans resulting from the recent Smathers-Keogh legislation, he noted, would involve the issuance of a security registrable under the 1933 Act, although a 1940 Act exemption would appear to be available for these plans. However, any contemplated merchandising of interests in other collective investment funds as investment media, whether in the form of a trust or in the form of a managing agency account, as apparently would be permitted under the proposed revisions of Regulation 9, would place national banks squarely in the conventional investment company business. Under these circumstances there would be both the issuance of a security required to be registered under the 1933 Act and a collective investment fund subject to the provisions of the 1940 Act. To put it another way, the fund, as distinguished from the bank, would in substance be an investment company and the issuer of a security. The reasoning would be similar to the approach taken with the insurance companies proposing to enter the variable annuity field.

"It is not our purpose," Chairman Cary continued, "to discourage banks from engaging in this type of activity if permitted by the appropriate bank regulatory authorities. We only wish to acquaint the banking community with our conception of our statutory responsibilities and, if possible, to assist you in working out compliance with our laws in the least burdensome way feasible through cooperation with banking industry representatives and others. Indeed, we feel we have already made efforts in this direction through the preliminary development of a short form for the registration of Smathers-Keogh plans under the 1933 Act."

DELEGATION RULES ADOPTED BY SEC. The SEC today announced the adoption, pursuant to Public Law No. 87-592, of new rules which provide for delegation to certain of its Staff officers of various functions of the Commission which experience has demonstrated to be of a routine or non-controversial nature, subject in certain instances to the right to petition the Commission for review of action taken pursuant to the delegated authority, as follows:

To the Director of the Division of Corporation Finance are delegated certain limited functions under the Securities Act of 1933 and Regulations B, C and E thereunder, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939 and the Investment Company Act of 1940 respecting such matters as granting accelerations, consenting to withdrawals, granting confidential treatment, permitting omission or substitution of financial statements, designating investigatory officers, granting requests for transcripts of testimony, issuing notices of suspensions and terminating temporary suspension orders, declaring exemptions, and determining qualification of indenture trustees.

To the Director of the Division of Corporate Regulation are delegated certain limited functions under the Public Utility Holding Company Act of 1935 and the Investment Company Act of 1940 respecting such matters as issuance of notices and orders regarding certain applications and declarations, permitting withdrawals, granting time extensions, granting confidential treatment, designating investigatory officers, and granting requests for transcripts of testimony.

To the Director of the Division of Trading and Exchanges are delegated certain limited functions under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940 respecting such matters as designating investigatory officers, granting requests for transcripts of testimony, permitting withdrawals or strikings from listing and registration, extending unlisted trading privileges, granting acceleration, postponing effectiveness of broker-dealer registrations where consented to, approving applications for national securities association membership, and directing cancellation of broker-dealer and investment adviser registrations where no longer in business.

To the Regional Administrators are delegated certain limited functions under the Securities Act of 1933 and Regulations A and F thereunder and certain functions under the Securities Exchange Act of 1934 respecting such matters as granting acceleration, permitting non-current financial statements and determining applications for time extensions for broker-dealer reports.

To the Secretary of the Commission are delegated certain limited functions under the several Acts and the Rules of Practice respecting such matters as fixing times and places for hearings and arguments, granting time extensions, designating hearing examiners, adjusting hearing dates, approving length of briefs, and certifying records of proceedings the subjects of judicial review.

Copies of the complete text of the Commission's action may be obtained on request. (Release 33-4588)

SECURITIES ACT REGISTRATIONS. Effective March 8: Nordon Corp. Ltd. (File 2-20089).
Withdrawn March 7: Kenner Products Co. (File 2-20118).

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