

# 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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**BELMONT IRON WORKS REGISTERS UNDER NEW LAW.** The Belmont Iron Works (File 0-51), of Eddystone, Pa., has registered its \$5 par Common Stock pursuant to Section 12(g) of the Securities Exchange Act of 1934 (as amended by the Securities Acts Amendments of 1964). Belmont is one of 53 companies which have filed registration statements under the new law, and the first to obtain an effective statement (on January 11th). All 53 filed on the simplified Form 8-A, prescribed for use by companies which previously registered securities for public sale under the Securities Act of 1933 and undertook in connection therewith to file annual and other periodic reports. As the statements of additional companies become effective, a brief report thereon will be included in the SEC News Digest; and companies which make "first time" filings will be identified.

**INSIDER TRADING RULE REVISION PROPOSED.** The SEC today announced a proposed revision of its "insider trading" rules under Section 16(b) of the Securities Exchange Act (Release 34-7506); and it invited the submission of views and comments upon the proposal not later than February 12, 1965.

Section 16(b) provides that short-swing profits realized (within any six-month period) by officers, directors and owners of more than 10% of any class of equity security registered under Section 12, shall inure to and be recoverable by or on behalf of the company. Rule 16b-3 provides an exemption from Section 16(b) for shares acquired by an officer or director pursuant to a stock bonus, profit sharing, retirement, incentive, thrift, savings or similar plan meeting specified conditions. The rule also exempts the acquisition of an option pursuant to a "qualified" or a "restricted" stock option plan, or a stock option pursuant to an "employee stock purchase plan." One of the conditions to this exemption is that the plan must have been approved by shareholders and the vote of shareholders must have been solicited substantially in accordance with the Commission's proxy rules then in effect, whether or not such rules were applicable to the company at the time of shareholder approval.

Many companies will now be subject to these rules for the first time - when they register their securities traded over-the-counter. It is anticipated that some of these companies have plans which have existed for some time and in which officers and directors have certain vested interests, and that many of these plans have been approved by the vote or written consent of shareholders in accordance with the applicable law of the company's jurisdiction of incorporation but not solicited in accordance with the Commission's proxy rules since such rules were not then applicable. The amendment to Rule 16b-3 would extend the exemption provided thereby to such plans which have been so approved by shareholders. Companies would thus obtain the benefits of the exemption provided by Rule 16b-3 without again submitting such plans for shareholder approval where the original vote or written consent was not obtained substantially in accordance with the Commission's proxy rules. The amendment provides, however, that where such vote or written consent has not been solicited substantially in accordance with the rules and regulations under Section 14(a) that the issuer shall furnish in writing to securityholders of the issuer, the information concerning the plan which would be required by such rules and regulations then in effect if proxies were being solicited at the time such information is furnished to shareholders.

**EIGHT CITED BY SEC.** The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving Thomas F. Quinn, Norman B. Babat, Sanford H. Bickart, Martin A. Fleischman, David R. Garbiras, Jack Greenberg, Sol Ornstein and Gary Seiden. Quinn was formerly president of, and the other respondents were formerly employed as salesmen by, Thomas, Williams & Lee, Inc., of 80 Wall St., New York.

The proceedings are based upon staff charges that the said Thomas firm, together with the individual respondents, violated the anti-fraud provisions of the Federal securities laws in connection with their offering and sale, during the period above mentioned, of securities of Kent Industries, Inc. In a prior proceeding, the Thomas firm was charged with violations of the Commission's net capital and disclosure rules. Subsequently, in March 1964, the firm and Quinn were permanently enjoined by Federal court order from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities; and in June 1964 both were expelled from membership in the National Association of Securities Dealers, Inc. Accordingly, and the Thomas firm being no longer engaged in the securities business, the Commission granted its request to withdraw from broker-dealer registration and discontinued the proceedings against it.

A hearing will be held (at a time and place to be announced later) to take evidence on the staff charges and afford the respondents an opportunity to establish any defenses thereto, all for the purpose of determining whether the alleged violations occurred and, if so, whether any action of a remedial nature is appropriate in the public interest.

**AMERICAN MOTEL INDUSTRIES, BEEBE AND WATERS ENJOINED.** The SEC Fort Worth Regional Office announced January 7 (LR-3124) the entry of a Federal court order (USDC WD La.) permanently enjoining American Motel Industries, Inc., Herman K. Beebe and Charles M. Waters, Jr., of Alexandria, La., from further violations of the Securities Act anti-fraud provisions in the sale of securities of American Motel.

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**VARIABLE ANNUITY LIFE INSURANCE SEEKS ORDER.** Variable Annuity Life Insurance Company of America, Washington, D. C., has applied to the SEC for an exemption order under the Investment Company Act, particularly Sections 22(d), and for modification of a February 1960 exemption order under Section 27(a) of the Act; and the Commission has issued an order (Release IC-4132) giving interested persons until January 28 to request a hearing thereon. VALIC proposes to change its methods of deducting sales load from payments made by purchasers of its pension trust contracts to reduce the amount of sales load deducted from payments in the early years of the contracts. The result of the change will be to increase total sales load deductions over the first twelve years from 7.96% to 8.79%. The latter rate is currently applicable to the individual contracts issued by applicant. VALIC also requests an exemption from the provisions of Section 22(d) of the Act which prevents price discrimination among purchasers of redeemable securities to permit the sale of pension trust and group contracts to any employer described in Section 403(b) of the Internal Revenue Code at the same sales loads applicable to employees' trust and pension, profit-sharing and other employee benefit plans qualified under Section 401 of the Code and to tax exempt organizations enumerated under Section 501 of the Code. Rule 22d-1 under the Act permits variations in sales load for the latter two groups. The requested exemption would permit purchasers qualified under Section 403(b) of the Code to increase the amount of purchase payments at any time after the first year and be charged the sales load at the rate applicable during the contract year in which the increase is made. On February 25, 1960 the Commission granted applicant an exemption from Section 27(a) with respect to its individual and pension trust contracts to permit the deduction of the sales load over a 12-year period, with a uniform sales load deduction for 11 years after the first and no sales load deduction thereafter. VALIC now proposes to make a sales load deduction of 2% for each contract year after the twelfth year for its individual contracts.

**SOUTHEASTERN CAPITAL AND FULTON INVESTMENT MERGER AUTHORIZED.** The SEC has issued an order under the Investment Company Act (Release IC-4133) authorizing the merger of Fulton Investment Co., Atlanta, Ga., into Southeastern Capital Corp., Nashville, Tenn. Southeastern and Fulton are affiliated by virtue of Fulton's ownership of approximately 19% of Southeastern's outstanding voting securities. Southeastern, a small business investment company, will continue to carry on the same type of business activity in which it has been engaged.

**DIVIDEND SHARES RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4134) authorizing Dividend Shares, Inc., One Wall St., New York, to issue its shares at net asset value for substantially all of the cash and securities of Kling Bros. Engineering Works, an Illinois corporation engaged in investing and reinvesting its funds. Pursuant to an agreement between Dividend Shares and Kling, substantially all of the cash and securities of Kling (with an approximate value of \$1,150,000 on November 17, 1964) will be transferred to Dividend Shares in exchange for stock of Dividend Shares, which will be distributed to Kling's four shareholders.

**RIDC INDUSTRIAL DEVELOPMENT RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4135) declaring that RIDC Industrial Development Fund, 471 Union Trust Bldg., Pittsburgh, is exempt from all provisions of the Act. According to the application, the Fund will conduct its operations and business so as to implement the public purposes of the Pennsylvania Business Development Credit Corporation Law by seeking to alleviate a critical and chronic condition of unemployment which exists in various parts of that State.

**UNLISTED TRADING SOUGHT.** The SEC has issued an order under the Securities Exchange Act (Release 34-7505) giving interested persons until January 27 to request a hearing upon (1) an application of the Boston Stock Exchange for unlisted trading privileges in the common stocks of King's Department Stores, Inc., and West Point Manufacturing Company and (2) an application of the Philadelphia-Baltimore-Washington Stock Exchange for similar privileges in the common shares of Motorola, Inc., and Time, Inc.

**EKCO PRODUCTS FILES STOCK PLAN.** Ekco Products Company, 1949 N. Cicero Ave., Chicago, filed a registration statement (File 2-23080) with the SEC on January 8 seeking registration of 100,000 shares of common stock, to be offered pursuant to the company's Qualified Stock Option Incentive Plan. The registration statement also includes 20,000 common shares that were issued upon exercise of a restricted stock option granted under an employment agreement to Robert C. Sabini, company president. Sabini has indicated that some or all of such shares may be offered by him from time to time in transactions on the New York Stock Exchange at prices prevailing on the date of sale (\$38.50 per share maximum\*).

**GREAT HERITAGE LIFE INS. FILES FOR OFFERING.** Great Heritage Life Insurance Company, 1215 Pierre Laclede Bldg., Clayton, Mo., filed a registration statement (File 2-23081) with the SEC on January 11 seeking registration of 225,000 shares of common stock. The shares are to be offered for public sale at \$4.50 per share through underwriters headed by A. G. Edwards & Sons, 409 N. 8th St., St. Louis, Mo., which will receive a 42¢-per-share commission.

Organized under Missouri law in July 1964, the company proposes to engage in the business of making life insurance contracts in Missouri. Net proceeds from its stock sale will be added to capital and surplus and used in the conduct of the company's insurance business. The company has outstanding 175,000 common shares, all of which were sold to company officials and other investors at \$4 per share. James F. Ford is board chairman and George Graves is president.

**ALLIED FARM EQUIPMENT FILES FOR OFFERING AND SECONDARY.** Allied Farm Equipment, Inc., 35 E. Wacker Dr., Chicago, filed a registration statement (File 2-23083) with the SEC on January 11 seeking registration of \$1,500,000 of 6% convertible subordinated debentures due 1980, to be offered for public sale by the company, and 180,000 outstanding shares of Class A stock, to be offered for sale by the present holders thereof. The securities are to be offered in units consisting of a \$100 debenture and 12 Class A shares. The offering is to be made through underwriters headed by Dempsey-Tegeler & Co., Inc., 1000 Locust St., St. Louis. The public offering price (\$108.50 per unit maximum\*) and underwriting terms are to be supplied by amendment.

The company (formerly Middle West Farm Equipment Export Corp.) is engaged primarily in the distribution of specialty lines of farm equipment and machinery. Of the net proceeds from the company's debenture sale, together with \$1,000,000 (in Canadian funds) that the company has arranged to borrow from an insurance company, approximately \$458,000 will be used to pay amounts currently due in connection with the acquisition of two subsidiaries, Malmgren Mfg. Ltd. and Universal Distributors Ltd.; \$1,567,504 will be applied to the reduction of short-term bank indebtedness; and the balance will be added to working capital. On December 31, 1964 the company paid \$5,000 for an option to acquire the business of a small United States manufacturer of farm equipment accessories. If the option is exercised, the company will pay the sum of \$77,500 for the business and will use part of the proceeds from the debenture sale therefor. In addition to indebtedness, the company has outstanding 360,000 Class A shares and 540,000 Class B shares. The selling stockholders are listed as James I. Kanter (president), offering 81,000 of 82,376 Class A shares held; Alexander J. Kanter (secretary), 54,000 of 78,539; and Solomon Kanter (vice president) 45,000 of 93,303. Upon successful completion of the proposed offering, the selling stockholders and three other stockholders will own 50% of the company's outstanding Class A shares and all of the outstanding Class B shares.

**MISSISSIPPI P & L PROPOSES BOND OFFERING.** Mississippi Power & Light Company, Electric Bldg., Jackson, Miss., filed a registration statement (File 2-23084) with the SEC on January 11 seeking registration of \$20,000,000 of first mortgage bonds, due 1995, to be offered for public sale at competitive bidding. The company, an operating subsidiary of Middle South Utilities, Inc., will use the net proceeds from its bond sale for property additions and improvements, for the retirement of bank loans not to exceed \$5,000,000, and for other corporate purposes. The company's 1965 construction expenditures are estimated at \$32,935,000.

**ARMOUR FILES FOR RIGHTS OFFERING.** Armour and Company, 401 N. Wabash Ave., Chicago, today filed a registration statement (File 2-23085) with the SEC seeking registration of 625,000 shares of common stock, to be offered to its stockholders at the rate of one new share for each 10 shares held. The offering is to be made through underwriters headed by Wertheim & Co., 1 Chase Manhattan Plaza; Glore, Forgan & Co., 45 Wall St.; and Carl M. Loeb, Rhoades & Co., 42 Wall St., all of New York. The subscription price (\$46 per share maximum\*), record and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the meat-packing business and in manufacturing agricultural chemicals, household soap and fatty chemicals. Net proceeds from its stock sale, together with cash resulting from earnings and additional debt financing that may be undertaken, will be used to finance capital expenditures, a major portion of which is expected to be invested in the Armour Chemical Industries. In addition to indebtedness, the company has outstanding 5,585,667 common shares, of which management officials own 4.51%. William Wood Prince is board chairman and Edward W. Wilson is president.

**GENESEE VALLEY GAS SEEKS ORDER.** Genesee Valley Gas Company, Inc., 56 Main St., Genesee, N. Y., has applied to the SEC for an order under the Holding Company Act approving a plan to simplify the holding-company system of which Genesee is the top company; and the Commission has issued an order (Release 35-15173) giving interested persons until January 29 to request a hearing thereon. According to the application, Genesee proposes to make a pro-rata distribution to its stockholders of its principal asset, the common stock of The Pavilion Natural Gas Company. Genesee, being solely a holding company with 22,655 outstanding common shares held by 39 stockholders, derives its income from dividends received from Pavilion. Pavilion, which has one subsidiary, Valley Gas Corporation, presently has 25,000 outstanding common shares, all held by Genesee. Under the proposed plan, Genesee will surrender to Pavilion 2,345 shares of the latter's common stock, thereby reducing the number of Pavilion shares of stock held by Genesee to 22,655. Genesee will then distribute to its shareholders the 22,655 Pavilion shares on a share-for-share basis. Upon consummation of the plan and the transactions incident thereto, Genesee will be liquidated and dissolved; and it requests that the Commission also issue an order declaring that, upon such consummation, Genesee has ceased to be a holding company and terminating its registration as a holding company.

**SECURITIES ACT REGISTRATIONS.** Effective January 12: Connelly Containers, Inc. (File 2-23023); Head Ski Company, Inc. (File 2-23011); Mills Music Trust (File 2-22997); Texas Power & Light Co. (File 2-23009).

\*As estimated for purposes of computing the registration fee.

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