

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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FOR RELEASE August 27, 1965

**POLLACK NAMED DIVISION DIRECTOR.** Chairman Manuel F. Cohen of the SEC today announced the appointment of Irving M. Pollack as Director of the Division of Trading and Markets. He succeeds Ralph S. Saul, who resigned earlier this month.

A career employee, Mr. Pollack has been Associate Director of the Division since October, 1961. The Division is generally responsible for the administration of matters relating to the regulation of the exchanges, national securities associations, broker-dealers and investment advisers. In his new position, Mr. Pollack will also be responsible to the Commission for the continued implementation of the Division's regulatory program resulting from the Report of the Special Study of Securities Markets and the Securities Acts Amendments of 1964.

Mr. Pollack joined the staff of the Commission's General Counsel in October 1946. He was promoted from time to time to progressively more responsible positions in that office and in 1956 became an Assistant General Counsel. Mr. Pollack received a B. A. degree cum laude from Brooklyn College in 1938 and an LL.B. degree magna cum laude from Brooklyn Law School in 1942. Prior to joining the Commission's staff he engaged in the practice of law in New York City after serving nearly four years in the United States Army, where he gained the rank of Captain. He was born in Brooklyn, New York, on April 8, 1918. He is married to the former Shirley Margoshes and has two daughters.

**COLUMBIA GAS RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15296) authorizing The Columbia Gas System, Inc., New York registered holding company, to acquire from Blue Ridge Gas Co., a newly acquired subsidiary, an aggregate of \$1,100,000 of installment notes by March 31, 1966, and to make a cash contribution thereto of \$800,000. According to the application, Blue Ridge will use the proceeds from the note sale (1) to prepay its outstanding long-term debt estimated at \$1,031,000; (2) to repay and prepay its outstanding 6% bank loans at a cost of \$449,000; (3) to complete its 1965 construction program at an estimated cost of \$226,000; and (4) to pay approximately \$121,000 of deferred accounts payable. The balance will be used for additional working capital.

**UNLISTED TRADING GRANTED.** The SEC has issued orders under the Securities Exchange Act (Release 34-7691) granting applications of (1) the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stock of Wometco Enterprises, Inc., and (2) the Boston Stock Exchange for such privileges in the common stock of Superior Oil Co.

**HAMMERMILL PAPER FILES STOCK PLANS.** Hammermill Paper Company, East Lake Rd., Erie, Pa. 16512, filed a registration statement (File 2-23956) with the SEC on August 23 seeking registration of 135,306 shares of common stock, to be offered pursuant to its Restricted Stock Option Plan and Qualified Stock Option Plan.

**LIBERTY LOAN FILES STOCK PLAN.** Liberty Loan Corporation, 7438 Forsyth Blvd., Clayton, St. Louis, Mo., filed a registration statement (File 2-23963) with the SEC on August 25 seeking registration of \$2,000,000 of thrift accounts, to be offered under its Thrift Accounts Plan to employees and retired employees.

**PUBLIC SERVICE ELECTRIC AND GAS PROPOSES BOND OFFERING.** Public Service Electric and Gas Company, 80 Park Pl., Newark, N. J., 07101, filed a registration statement (File 2-23964) with the SEC on August 26 seeking registration of \$60,000,000 of first and refunding mortgage bonds, due 1995, to be offered for public sale at competitive bidding. The company, an operating public utility business in New Jersey, will add the proceeds from its bond sale to general funds which will be used for general corporate purposes, including the payment of \$49,300,000 of outstanding bonds (3-1/8% series, due October 1, 1965) and the payment of a portion of the cost of its current construction program. The company estimates that its 1965 construction expenditures will amount to \$124,000,000.

**NIAGARA SHARE SEEKS EXEMPTION ORDER.** Niagara Share Corporation, 70 Niagara St., Buffalo, New York, registered closed-end management non-diversified investment company, and Crescent Niagara Corporation, of the same address, have applied to the SEC for an exemption order under the Investment Company Act authorizing Niagara to transfer to Crescent 140,000 shares of Crescent's preferred stock in exchange for 119,000 shares of Crescent's common. The Commission has issued an order (Release IC-4336) giving interested persons until September 20 to request a hearing thereon. According to the application, Crescent will retire the said 140,000 preferred shares and Niagara will hold for investment the common stock issued in exchange therefor. Niagara and Crescent are "affiliated persons" within the meaning of the Act by virtue of the fact that Niagara holds 24.1% of Crescent's outstanding voting securities.

**NATIONAL VARIABLE ANNUITY SEEKS ORDER.** National Variable Annuity Company of Florida Separate Account (Separate Account), 734 Florida Bank Bldg., Jacksonville, Fla. (an open-end investment company) has applied to the SEC for an exemption from certain provisions of the Investment Company Act; and the Commission has issued an order (Release IC-4337) giving interested persons until September 9 to request a hearing thereon. According to the application, National Variable Annuity Company of Florida (Insurance Company), a Florida life

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insurance company organized Separate Account as a subsidiary in July of 1965, to fund variable annuity contracts. Separate Account proposes to engage solely in the sale of group retirement annuity contracts in connection with annuity purchase plans adopted by public school systems and tax-exempt organizations enumerated in the Internal Revenue Code. It proposes to make a public offering of \$10,000,000 of group variable annuity contracts when its Securities Act registration statement becomes effective; and is requesting exemption from the minimum net capital provisions of the Act. The application states that the operating expenses of Separate Account are to be fully paid by the Insurance Company. Applicant also seeks to be exempted from provisions of the Act requiring the holders of the outstanding voting securities of a registered investment company to (1) approve investment advisory contracts, (2) elect directors and (3) ratify the selection of its independent public accountant. The exemption is requested until such time as Separate Account has sold group variable annuity contracts and a meeting of contract owners is called (but prior to April 30, 1966). It is proposed that the Separate Account's initial board of directors, to be known as board of managers, be appointed by the board of directors of the Insurance Company. The initial board of managers will enter into an investment-advisor agreement with the Insurance Company and the First National City Bank of New York and select Arthur Young & Co. as its independent public accountant. In addition, an exemption is being requested with respect to provisions of Section 22(e) of the Act to the extent that once a person retires and begins to receive payments under a group variable annuity contract he may not redeem the value credited to his individual account. Separate Account is further requesting an exemption from provisions of Section 27(c)(2), which prohibits a registered investment company or a depositor or underwriter for such company from selling periodic payment plan certificates unless the proceeds of all payments, other than the sales load, are deposited with a bank as trustee or custodian and held under an indenture or agreement containing, in substance, the provisions required for a unit investment trust. Applicant has consented to the requested exemption being subject to the condition that its charges under the variable annuity contract for administrative services shall not exceed such reasonable amount as the Commission shall prescribe, and that the Commission shall reserve jurisdiction for such purpose.

**MAUI ELECTRIC PROPOSES RIGHTS OFFERING.** Maui Electric Company, Limited, 210 Kamehameha Ave., Kahului, Maui, Hawaii 96732, today filed a registration statement (File 2-23968) with the SEC seeking registration of 42,660 shares of common stock, to be offered to common stockholders at the rate of one new share for each five shares held. Any unsubscribed shares are to be offered for public sale through Dean Witter & Co., 634 S. Spring St., Los Angeles, Calif. 90014. The offering price (\$30 per share maximum\*), record date, and underwriting terms are to be supplied by amendment.

The company, a public utility in the State of Hawaii, will apply the net proceeds from its stock sale toward financing the installation of a new 14,000 kw unit at its steam generation plant, including the repayment of bank loans incurred for such purpose. The total cost of the new unit is estimated to be \$3,450,000. In addition to indebtedness, the company has outstanding 213,300 common shares, of which management officials own 3.52%. J. Walter Cameron is president.

**KEYSTONE CO. SEEKS ORDER.** Keystone Custodian Funds, Inc., as trustee for Keystone Custodian Funds Series B-1, B-2, B-3, B-4, K-1, K-2, S-1, S-2, S-3, and S-4 (the "Fund," each registered as management open-end diversified investment company) and The Keystone Company of Boston, Boston, Mass., have applied to the SEC for an exemption order under the Investment Company Act with respect to shareholder approval of the underwriting contract between Keystone Custodian, as trustee of the Funds, and Keystone of Boston, a wholly-owned subsidiary of Keystone Custodian which, as underwriter, offers shares of the Funds for public sale. Because of the cost of an annual submission of the underwriting contract with Keystone of Boston for shareholder approval, the companies seek an exemption order under Section 15(b)(1) permitting the submission of the contract for shareholder approval at least every three years (until December 31, 1972), rather than annually as now required. The Commission's order (Release IC-4338) gives interested persons until September 20 to request a hearing upon the exemption application.

**GREAT EASTERN SECURITIES SUSPENDED.** In a decision announced today under the Securities Exchange Act (Release 34-7686), the SEC suspended Great Eastern Securities, Inc., 901 Broad St., Newark, N. J., from membership in the NASD for 120 days, effective September 1, 1965; and it also barred Steven J. Kowitzki (president) from association with a broker-dealer firm for 30 days, also commencing September 1. The order also barred Neal Cecconi (vice president) from being associated with any broker or dealer; but this action was without prejudice to his re-entry into the securities business after two years upon a showing of appropriate supervision.

Based on the order for proceedings and the offers of settlement submitted by the respondents, the Commission found that during April 1960-November 1961 the firm and said individuals violated the anti-fraud provisions of the Federal securities laws in the sale of common stock of Federal Bowling Centers, Inc. Such violations included misrepresentations regarding Federal's business, earnings, and financial condition; the membership of Cecconi on Federal's board of directors; and the future price of Federal stock, dividends, and listing on an exchange.

In mitigation, respondents urged (among other things) that the violations in question occurred more than four years ago when the company had been in business only a few months and that no violations have been charged with respect to its business since then. Moreover, the firm has negotiated a tentative agreement for sale of its assets to a member firm of the New York Stock Exchange under which its organization would continue as the firm's Newark branch under the management of an officer of the registrant who is not a respondent.

**TENNESSEE NATURAL GAS LINES FILES EXCHANGE PROPOSAL.** Tennessee Natural Gas Lines, Inc., Nashville Bank and Trust Bldg., Nashville, Tenn. 37201, filed a registration statement (File 2-23965) with the SEC on August 26 seeking registration of 325,000 shares of common stock. The stock is to be offered in exchange for outstanding common stock of Chattanooga Gas Co., on the basis of one company share for each two shares of Chattanooga Gas. The prospectus states that the exchange offer will not be consummated unless it is accepted by the holders of at least 80% of the 650,000 outstanding common shares of Chattanooga Gas.

A natural gas pipe line company, the company proposes to acquire Chattanooga Gas as an additional natural gas distribution company subsidiary in order to broaden its market area. In addition to indebtedness, the company has outstanding 830,000 common shares, of which management officials own 7.1%. Thomas W. Goodloe is president of the company, as well as board chairman of Chattanooga Gas.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the caption of the several items of the form was included in the August 3 News Digest.

Amalgamated Leather Cos Inc July 65 (9,11,13)	0-811-2	Hamilton Natl Associates Inc July 65 (7)	0-863-2
Associated Truck Lines Inc May June & July 65 (2,7,11,13)	0-901-2	L E Carpenter & Co Aug 65 (12)	1-4943-2
Associates Investment Co July 65 (7,13)	1-1912-2	D H Holmes Co Ltd July 65 (11)	1-564-2
The Educator & Executive Co Aug 65 (13)	0-1161-2	Arvida Corp July 65 (1,4,7,8,12)	0-5-2
Empire Life Ins Co July 65 (7,9)	2-20749-2	Central & South West Corp Jan 65 (12)	1-1443-2
Knudson Cos Inc July 65 (3)	0-732-2	Great Southwest Corp July 65 (7,13)	0-100-2
Air Reduction Co Inc July 65 (13)	1-111-2	Olson Bros Inc July 65 (3)	0-1042-2
Barden Corp July 65 (4,7,8,13)	0-262-2	Natl Motor Inn Corp July 65 (3,7)	0-305-2
Canada Dry Corp July 65 (11,13)	1-881-2	Lone Star Steel Co July 65 (1)	0-468-2
Commonwealth Oil Refining Co Inc July 65 (3)	1-4900-2	La-Delta Offshore Corp July 65 (11)	2-13408-2
Farmers Union Cooperative Marketing Association July 65 (7)	2-22230-2	Mississippi Power Co July 65 (4,7,11,13)	0-393-2
Mite Corp July 65 (3)	0-1512-2	North Pittsburgh Tel Co July 65 (7,13)	0-1314-2
Century Geophysical Corp July 65 (3,9,12)	1-4520-2	Commonwealth United Corp Amend #3 to 8K for July 64 (13)	1-4563-2
Franklin Elec Co Inc Aug 65 (11,13)	0-362-2	Harvard Industries Inc Amend #1 to 8K for May 65 (4)	1-1044-2
Ala Power Co July 65 (3)	1-3164-2		
Duquesne Brewing Co of Pittsburgh May 65 (2)	1-1598-2		
Flour Mills of America Inc July 65 (6)	1-3253-2		
Atlantic Utilities Corp Amend #1 to 8K for Oct 63 (7)	2-19691-2		
Burlington Industries Inc Amend #1 to 8K for July 65(7,11,13)	1-2932-2		

**SECURITIES ACT REGISTRATIONS. Effective August 26:** Fram Corp., 2-23619.

**Effective August 27:** Westinghouse Air Brake Co., 2-23774 (Sept 27).

**Withdrawn August 26:** Gallery-Knight Groves, 2-22867.

**NOTE TO DEALERS.** The last date or the period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

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

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