

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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FOR RELEASE September 16, 1965

BARNETT NATIONAL SECURITIES FILES EXCHANGE PROPOSAL. Barnett National Securities Corporation, 100 Laura St., Jacksonville, Fla. 32202, filed a registration statement (File 2-24015) with the SEC on September 14 seeking registration of 708,000 shares of common stock and 33,000 shares of 4% cumulative preferred stock. Of the common stock, 674,222 shares are to be offered in exchange for the 300,000 outstanding shares of common stock of Barnett First National Bank of Jacksonville, Fla. (Barnett Bank), at the rate of 2.25 company shares for each Barnett Bank share. Fractional shares will not be issued, and the company is reserving 778 of the shares being registered for sale to depositing stockholders who would be entitled to fractional shares and elect to purchase full shares. It is proposed to exchange the preferred stock and the remaining 33,000 common shares for the 33,000 outstanding common shares of First National Beach Bank (also located in Jacksonville) in the ratio of one preferred and one common share for each common share of Beach Bank. The exchange offers are conditioned upon the company's acquiring at least 80% of the outstanding stock of the two banks (including the 346 Barnett Bank shares already owned).

The company is a registered bank holding company. It has outstanding 250,000 common shares, of which management officials own 7.50%. Consolidated Financial Corporation owns 23.51% of the outstanding stock of the company and the same percentage of Barnett Bank stock. The prospectus states that company management has generally been selected from officials of Barnett Bank. Guy W. Botts serves as president of the company and of Barnett Bank.

BARNETT GUILTY OF CRIMINAL CONTEMPT. The SEC Fort Worth Regional Office announced September 10 (LR-3313) that Marion Edmond Barnett, aka Ed Barnett, was adjudged guilty (USDC, ND Tex.) of criminal contempt upon his plea of guilty to violating a 1963 Federal court order enjoining him from further violations of the Securities Act registration and anti-fraud provisions in the sale of interests in oil and gas leases. Sentencing was deferred. Barnett is also awaiting sentence on a conviction in July 1965 of violating the Securities Act anti-fraud provisions.

ADDITIONAL VTR DEFENDANTS ENJOINED. The SEC New York Regional Office announced September 10 (LR-3314) the entry of a Federal court order (USDC, SDNY) enjoining Samuel Friedlander and Joseph Lann from further violations of the Securities Act registration provisions in the sale of securities of VTR, Inc. Friedlander is an employee of VTR, and Lann is president of Joseph J. Lann Securities, Inc., a New York broker-dealer.

INDIVIDUALS' SAVING REPORTED. The SEC announces (for September 17th newspapers) that the net financial saving of individuals was maintained at a high rate during the second quarter of this year and amounted to \$7.6 billion. This was \$500 million more than first quarter saving and was about the same amount as in the second quarter of last year. For further details, see Stat. Release No. 2077.

COMPLAINT CITES AMERICAN AND SOUTHERN CORP., OTHERS. The SEC New York Regional Office announced September 13 (LR-3315) the filing of a complaint (USDC, SD, Fla.) seeking to enjoin the following defendants from further violations of the Securities Act registration provisions in the sale of common stock of American and Southern Corp.: American and Southern Corp. (located in Miami), Joseph Tanous, Joseph Lombardi (both residents of Mexico), and George J. Korge (Miami). A temporary restraining order was issued, and a hearing on the Commission's motion for a preliminary injunction is scheduled for September 24.

WESTERN MASSACHUSETTS SEEKS ORDER. Western Massachusetts Companies (WMC), Boston; The Connecticut Light and Power Co. (CL&P), Hartford, Conn.; and The Hartford Electric Light Co. (Hartford, Wethersfield, Conn.), have applied to the SEC for an order under the Holding Company Act authorizing WMC (to be renamed Northeast Utilities) to exchange its common shares for the outstanding common stocks of CL&P and Hartford. The Commission has scheduled the application for hearing on October 25 at 10:00 a.m. in its Washington office. (Release 35-15306).

The application states that CL&P, an exempt holding company under the Act, and Hartford, an electric-utility company, are engaged principally in the generation, transmission, and distribution of electric energy in Connecticut; and both are also engaged in the distribution of natural gas at retail in that State. WMC, an exempt holding company, is a business trust under the laws of Massachusetts, its principal assets consisting of the outstanding capital stock of Western Massachusetts Electric Co., a Massachusetts corporation engaged in generating and purchasing electric energy, and in the transmission and distribution thereof in western Massachusetts. The shareholders of WMC will be requested to approve, at a shareholders' meeting, among other things, (a) the split of each of WMC's outstanding common shares of \$0.50 par value into two new common shares of no par; (b) an increase in the authorized number of its common shares to equal the number required to be outstanding under the exchange offer; and (c) an increase of the number of trustees under the declaration of trust. Such proposals, if approved by WMC shareholders, will take effect when the exchange offer is declared effective. WMC will offer its shares in exchange for the outstanding common shares of CL&P and Hartford on the basis of two WMC shares for each share of CL&P and 2.9 shares of WMC for each share of Hartford. The exchange offer, to become effective, requires acceptance thereof by the holders of not less

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than 80% of the outstanding common stock of the two companies, and the approval by WMC shareholders of the foregoing proposals.

According to the application the generating and transmission facilities of CL&P, Hartford and WMC have been coordinated for more than 15 years and substantial economies have been realized thereby; but that additional economies can be realized by operating by way of a single holding-company system rather than by contractual arrangements between independent companies. On or before the effective date of the exchange, WMC will register as a holding company.

REVCO D. S. FILES FOR OFFERING AND SECONDARY. Revco D. S., Inc., 3030 Quigley Rd., Cleveland, Ohio 44113, filed a registration statement (File 2-24019) with the SEC on September 15 seeking registration of \$2,500,000 of convertible subordinated debentures (due 1985) and 152,429 shares of common stock. The debentures are to be offered for public sale through Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., New York 10004, and the stock is to be offered through an underwriting group headed by that firm. Of the stock being registered, 127,429 shares (being outstanding stock) are to be offered by the present holders thereof. The public offering price of the debentures and stock (\$21-7/8 per share maximum*), interest rate on the debentures, and underwriting terms are to be supplied by amendment.

The company is engaged in the drug store business, with 117 store units located in Michigan, Ohio, West Virginia, and Kentucky. Net proceeds from its sale of securities will be used to reduce the \$4,700,000 principal balance of an outstanding bank debt, which was incurred in the recent purchase of an 84% interest in the Gallaher Drug Company (a chain of 52 conventional drug stores) for an aggregate cost of \$2,325,000, and for the purpose of retiring outstanding long-term debt. In addition to indebtedness, the company has outstanding 567,429 common shares, of which management officials own 37.9%. The prospectus lists 16 selling stockholders, including Bernard Shulman (president), offering 50,000 of 113,322 shares held; and Stern Bros. & Co., offering its entire holdings of 22,185 shares. The remaining selling stockholders are offering shares ranging in amounts from 1,000 to 8,500. George R. Herzog is board chairman.

PRESIDENTIAL LIFE PROPOSES OFFERING. Presidential Life Insurance Company, 1 E. 42nd St., New York, filed a registration statement (File 2-24018) with the SEC on September 13 seeking registration of 475,000 shares of capital stock. The stock is to be offered for public sale at \$6 per share by the company through its president, Herbert Kurz. Organized under New York law in May 1965, the company plans to engage in the insurance business. Net proceeds from its stock sale will be added to capital and surplus to enable the company to meet the minimum capital requirements for obtaining an insurance license, and used in the conduct of such business.

TENNESSEE NATURAL GAS SEEKS ORDER. Tennessee Natural Gas Lines, Inc., Nashville, Tenn., has applied to the SEC for an order under the Holding Company Act authorizing it to acquire all of the outstanding common stock of Chattanooga Gas Company, a nonassociate public-utility company; and the Commission has issued an order (Release 35-15308) giving interested persons until October 4 to request a hearing thereon. According to the application, Tennessee Natural proposes to acquire the stock of Chattanooga Gas pursuant to an exchange offer whereby Tennessee Natural will issue one share of its common stock for each two common shares of Chattanooga Gas. Chattanooga Gas is engaged in the distribution of natural gas primarily in and around Chattanooga and Cleveland, Tenn.

MILWAUKEE GAS LIGHT SEEKS ORDER. Milwaukee Gas Light Company, Milwaukee, Wis., gas-utility subsidiary of American Natural Gas Company, has applied to the SEC for an order under the Holding Company Act authorizing it to sell to banks from time to time (commencing in November 1965) unsecured promissory notes aggregating a maximum of \$18,000,000; and the Commission has issued an order (Release 35-15309) giving interested persons until October 14 to request a hearing thereon. The application states that proceeds from the proposed note sale will be applied by the company to its 1965 construction costs, estimated at \$18,600,000.

SECURITIES ACT REGISTRATIONS. Effective September 15: Atoka, Inc., 2-23934 (Oct 25); Gallery-Judge Grove, 2-23954 (90 days); Dan River Mills, Inc., 2-23824; Exchange Leasing Corp., 2-23646 (90 days); Fabri-Tek Inc., 2-23825; Hart-Carter Co., 2-23897 (Dec 14).
Effective September 16: American Investment Counseling Fund, Inc., 2-23650.

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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