

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington, D.C. 20549

(In ordering full text of Releases from Publications Unit, cite number)
(Issue 67-85)

FOR RELEASE May 4, 1967

BLACKSTONE VALLEY ELECTRIC SEEKS ORDER. Blackstone Valley Electric Company, Pawtucket, R. I., subsidiary of Eastern Utilities Associates, has applied to the SEC for authorization under the Holding Company Act to issue and sell at competitive bidding \$7,000,000 of first mortgage and collateral trust bonds, due 1997; and the Commission has issued an order (Release 35-15730) giving interested persons until June 2 to request a hearing thereon. Net proceeds of the bond sale will be used to prepay, in whole or in part, notes issued to banks and/or EUA for construction and to purchase securities of Montaup Electric Co.

MASSACHUSETTS INVESTORS SEEKS EXEMPTION. Massachusetts Investors Trust, Boston open-end diversified investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposal to issue its shares at net asset value in exchange for the assets of E. Salz & Son, Inc. The Commission has issued an order (Release IC-4845) giving interested persons until May 25 to request a hearing thereon. Salz, a California corporation, is a personal holding company whose outstanding shares are held by six individuals, two trusts and one estate. Its assets of approximately \$2,605,864 as of November 30, 1966, will be transferred in exchange for shares of beneficial interest in the Trust.

I. S. REAMER RESIGNS PRACTICE. The SEC today announced (Release 33-4864) that Irving S. Reamer, Baltimore, Md., has resigned from practice before the Commission; and the Commission has accepted his resignation. According to the Commission's order, it appears, on the basis of information furnished to the Commission which resulted, *inter alia*, in the institution of an action entitled Securities and Exchange Commission v. Flagship Motor Hotel, et al, Civil Action No. 18068, U.S. District Court in Baltimore, that Reamer, an attorney at law, may have engaged in unethical or improper professional conduct. Reamer tendered his resignation to the Commission and agreed that he will not appear or practice before the Commission in the future; and the Commission accepted his resignation as "not inconsistent with the public interest."

NO. AMERICAN PETROL. FILING QUESTIONED. The SEC has ordered administrative proceedings under the Securities Act of 1933 involving a registration statement filed by North American Petroleum Corporation ("NAPC"), 2004 Security Life Building, Denver, Col. 80202. The statement, which became effective on June 22, 1966, related to a proposed public offering of \$375,000 of commitments to NAPC's oil and gas exploration and development fund. Subsequently, five post-effective amendments were filed, none of which has been declared effective.

The proceedings are based upon staff charges that the NAPC registration statement and amendments thereto "omit to state material facts required to be stated therein or necessary to make statements therein not misleading." The challenged disclosures relate, among other things, to statements in the prospectus involving Ernest L. Fundingsland, president, a director and sole stockholder of NAPC; past sales and management of leasehold interests for private investors by Fundingsland; the proportionate share of drilling and completion costs assessed those investors and the return on their investments; and omissions to disclose certain information, including other sales of leasehold interests by Fundingsland and certain pending litigation with respect thereto.

A hearing has been scheduled for May 12, 1967, to take evidence on the staff charges and afford NAPC an opportunity to offer any defenses thereto, for the purpose of determining whether the Company's registration statement and amendments meet the statutory disclosure requirements and, if not, whether the effectiveness of the statement should be suspended and the amendments denied effectiveness.

HERMAN DALE WASHINGTON ENJOINED. The SEC Fort Worth Regional Office announced May 1 (LR-3702) that Herman Dale Washington, dba La-Tex Oil Company of Dallas, had been permanently enjoined (USDC, Dallas), with his consent, from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale to the public of fractional undivided interests in oil and gas leaseholds located in Caddo Parish, Louisiana.

CEMETERY CARE FUND PROPOSES OFFERING. Cemetery Care Investment Fund, Inc., 135 South LaSalle St., Suite 3600, Chicago, Ill. 60603, filed a registration statement (File 2-26479) with the SEC on May 2 seeking registration of 300,000 shares of common stock, to be offered only to Illinois cemetery authorities or Illinois trustees holding Illinois care funds. The shares are to be offered at net asset value (\$11.41 per share maximum*). No underwriting is involved.

An open-end investment company, the Fund was organized under Maryland law on January 20, 1967, as successor by merger to an Illinois corporation of the same name. The Fund will accept only Illinois cemetery care funds in payment for its shares. William Blair & Company, 135 South LaSalle St., Chicago, Ill., acts as management and investment adviser and furnishes office space and other facilities to the Fund. The Company has outstanding 20,501 common shares held by the Chicago City Bank and Trust Company and other banks as trustees for 10 cemetery associations, and by two other cemetery groups.

CORRECTION RE CITY NEWS PRINTING. The City News Printing Co. (File 2-26207) became effective May 2 (not April 28 as reported in News Digest of May 2).

OVER

RIEGEL PAPER PROPOSES OFFERING. Riegel Paper Corp., 260 Madison Ave., New York, N.Y., 10016, filed a registration statement (File 2-26481) with the SEC on May 3 seeking registration of \$12,500,000 of sinking fund debentures due 1992, to be offered for public sale through underwriters headed by Morgan Stanley & Co., 2 Wall St., New York, N.Y. 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The Company manufactures and sells pulp, paperboard and paper. It also is a converter of paper, paperboard, flexible packaging materials and other materials, and fabricates cartons and other packages. The net proceeds to be received by the Company from its debenture sale, together with the net proceeds from the sale of 67,500 additional shares of \$6.50 cumulative preferred stock, \$100 par, will be used (1) to finance the remaining cost (estimated at approximately \$2,250,000) of completing a new paperboard machine at the site of the Company's Riegelwood, N.C., pulp mill; (2) to provide additional funds, to the extent required (estimated at approximately \$2,250,000), to Louisiana Forest Products Corporation (the capital stock of which is one-half owned by the Company), to complete its Port Hudson, La., pulp mill; and (3) to retire \$14,000,000 principal amount of notes payable to banks which will be outstanding at May 7, 1967, under a credit and loan agreement. The preferred shares are to be issued and sold to institutional investors, which in February acquired 57,500 shares (in each case at \$100 per share). Any balance will be available for general corporate purposes. In addition to indebtedness and preferred stock, the Company has outstanding 3,878,920 common shares, of which management officials and members of their families own some 515,000 shares. John L. Riegel is board chairman and Frederick S. Leinbach is president.

EXAMINER DENIES ORCHARD SUPPLY BLDG. CO. EXEMPTION REQUEST. SEC Hearing Examiner Sidney L. Feiler has filed an initial decision denying an application of Orchard Supply Building Co., San Jose, Calif., for exemption from the registration provisions of Section 12(g) of the Securities Exchange Act. Granting of an exemption from the registration requirement, generally applicable to companies in which there is a substantial public interest and whose shares are traded over-the-counter, also would have the effect of exempting the Company from the periodic reporting and proxy provisions of the Act, and would exempt its officers, directors and 10% owners from the insider trading provisions thereof.

In concluding that the requested exemption would not be consistent with the public interest and the protection of investors, the Examiner rejected Company contentions that small shareholders should be excluded from the 500-shareholder test which subjects a company to registration if, in addition, its assets exceed \$1,000,000; that companies engaged in retail business at the end of the chain of interstate commerce should be exempted, and that the limited amount of trading in its stock also justified an exemption.

While the Examiner agreed in part with the Company's contention as to trading activity, he found that the strong public policy favoring registration, as expressed in the legislative history of the registration provision (enacted in 1964) outweighed the contentions advanced by the Company, particularly in view of the fact that its assets and the number of its stockholders substantially exceeded the minimum statutory requirements and the further fact that the granting of the exemption would deprive present and prospective shareholders of the benefits which flow from the application of the periodic reporting, proxy and insider provisions of the Act.

The Examiner's order denying the requested exemption will become effective if the Commission does not order review thereof, either on its own motion or on petition by the Company.

LONE STAR PROPOSES OFFERING. Lone Star Gas Company, 301 South Harwood St., Dallas, Texas 75201, filed a registration statement (File 2-26482) with the SEC on May 3 seeking registration of \$30,000,000 of sinking fund debentures due 1992, to be offered for public sale at competitive bidding.

The Company owns and operates interconnected natural gas transmission lines, gathering lines, underground storage reservoirs and related properties and sells natural gas to residential, commercial and industrial consumers in 532 cities, towns and communities in Texas and Oklahoma. It also sells natural gas to electric generating plants, to a natural gas pipe line company and to other customers in the field. The Company owns all the capital stock of Lone Star Producing Company and Lone Star Gathering Company. The net proceeds from the debenture sale will be used by the Company along with cash on hand and cash to be generated from operations to carry forward the construction program of itself and subsidiaries and to repay short-term bank loans of \$5,500,000 estimated to be outstanding at the time of the sale of the new debentures. The Companies' 1967 construction expenditures are estimated at \$58,100,000.

CENTRAL VERMONT PROPOSES OFFERING. Central Vermont Public Service Corporation, 77 Grove St., Rutland, Vt. 05701, filed a registration statement (File 2-26485) with the SEC on May 3 seeking registration of 150,000 shares of common stock, to be offered for public sale by underwriters headed by The First Boston Corporation, 20 Exchange Place, New York, N.Y. 10005. The public offering price (\$27.00 per share maximum*) and underwriting terms are to be supplied by amendment.

An electric utility, the Company is participating in four nuclear power projects of which Vermont Yankee Nuclear Power Corporation ("VYNPC") will constitute a major source of the power requirements. The net proceeds of its stock sale will be used to provide for expenditures in connection with the construction program of Central Vermont and its subsidiaries (estimated at \$5,100,000 for 1967 and an aggregate of about \$17,700,000 for the following three years), including the payment of \$1,400,000 of short-term bank loans incurred for the interim financing of construction advances to VYNPC. In addition to indebtedness, the Company has outstanding 1,071,448 common shares, of which management owns 2.1%. Albert A. Cree is chairman and chief executive officer and Harold L. Durgin is president.

UNITED UTILITIES PROPOSES OFFERING. United Utilities, Incorporated, Box 11315, Kansas City, Mo. 64112, filed a registration statement (File 2-26484) with the SEC on May 3 seeking registration of 1,200,000 shares of common stock, to be offered for public sale by underwriters headed by Kidder, Peabody & Co., 20 Exchange Place, New York, N.Y. 10005. The offering price (\$35.00 per share maximum*) and underwriting terms are to be supplied by amendment.

CONTINUED

The Company owns substantially all of the common stocks of 34 telephone operating companies, all of the shares of an electric, gas and water-utility company, two service companies, a utility supply company and a community antenna television company. It also owns approximately 52% of an unconsolidated telecommunications, power and electronic equipment manufacturing company. In 1967, United combined through merger or other acquisition with six holding or telephone operating companies. United presently contemplates three additional mergers: (1) Inter-County Telephone & Telegraph Company which serves Southwestern Florida, (2) Pioneer Telephone Company which serves Minnesota and North Dakota; and (3) Warren Telephone Company which serves part of Northeastern Ohio. Subject to approval by United's shareholders and those of the other three companies, it is expected that these mergers will be consummated in the second half of 1967. In the merger with Inter-County, United would issue 1,742,853 shares of convertible preferred; in the merger with Pioneer, 861,963 common shares; and in the merger with Warren, 1,316,250 common shares. Net proceeds of its sale of the additional common shares being registered will be used to repay short-term bank borrowings of \$19,800,000 incurred to finance construction requirements of subsidiaries, and the remainder to make investments in and advances to subsidiaries to be applied by them for additional construction expenditures in 1967. System construction expenditures are estimated at \$101,000,000 for 1967, \$114,000,000 for 1968 and \$128,000,000 for 1969. In addition to indebtedness, the Company has outstanding 21,818,488 common shares, of which management officials own 2.8%. P. H. Henson is president and board chairman.

KALTMAN & CO. FILES FOR OFFERING. D. Kaltman & Co., Inc., 425 Park Ave., New York, N.Y., filed a registration statement (File 2-26486) with the SEC on May 3 seeking registration of \$2,400,000 of convertible subordinated debentures due 1987. The new debentures are to be offered for subscription by common stockholders, at the rate of \$100 principal amount of new debentures for each 100 shares held; and by holders of outstanding 6% convertible subordinated debentures due 1977, at the rate of \$100 principal amount of new debentures for each \$200 of the said outstanding debentures. The subscription price is 100% of principal amount. No underwriting is involved.

The Company is principally engaged in the drug distribution business, and within the last several years, the Company has obtained exclusive rights to the manufacture and sale of certain cosmetics and toiletries, and has entered the field of medical electronics. The net proceeds from the debenture sale will be used to repay \$1,500,000 of its outstanding short-term indebtedness to banks. Of the balance, \$500,000 will be used to increase its investment in its wholly-owned subsidiaries--principally, Vitabath, Inc., Parfums D'Orsay and Lexington Instruments Corporation; \$150,000 to be expended over the next two years upon research and development projects; and the balance for general working capital. In addition to indebtedness, the Company has outstanding 2,000,400 common shares, of which management officials own about 1 $\frac{1}{2}$ %. Emanuel L. Wolf is board chairman and president.

RCA SHARES IN REGISTRATION. Radio Corporation of America, 30 Rockefeller Plaza, New York, N.Y. 10020, filed a registration statement (File 2-26388) with the SEC on May 3 seeking registration of 296,034 shares of \$4 cumulative first preferred stock and 195,888 shares of common stock. Upon the merger of The Hertz Corporation into RCA, each outstanding share of Hertz common is to be changed into one-half share of RCA common and one-quarter share of the said \$4 preferred; and each share of Series A and Series B preferred of Hertz is to be changed into 52/100ths of a share of the said \$4 preferred. The RCA prospectus includes a long list of recipients of the RCA \$4 preferred and common shares, who may sell all or part thereof from time to time on the New York Stock Exchange or otherwise at prices current at the time of sale (\$105.77 and \$55.25 per share maximum, respectively*). The largest block of \$4 preferred will be received by The American Express Co. Inc. (156,000 shares) and the largest block of common by Rexport Corp. (50,000 shares), which also will receive 25,000 preferred shares.

FIVE STOCK PLANS FILED. Form S-8 registration statements have been filed with the SEC proposing the offering of securities under employee savings, stock option and other plans, as follows:

Gwaltney Incorporated, Smithfield, Va. 23430 (File 2-26470) - 8,000 common shares
 Latrobe Steel Company, Latrobe, Pa. 15650 (File 2-26472) - 85,908 common shares
 Seaboard World Airlines, Inc., Jamaica, Long Island, N.Y. 11430 (File 2-26474) -
 200,000 common shares
 Ronson Corporation, Woodbridge, N.J. (File 2-26475) - 70,000 common shares
 The National Cash Register Company, Dayton, Ohio 45409 (File 2-26483) - 50,650 common shares
 issuable upon exercise of outstanding options, and 199,350 shares subject to options
 to be granted.

SECURITIES ACT REGISTRATIONS. Effective May 1: Burndy Employees Stock Purchase Plan and Burndy Corporation, 2-26372; Diamond Alkali Company, 2-26411; Effective May 2: The Rucker Company, 2-26161 (June 12); Carol Wire & Cable Corp., 2-26195 (40 days); Effective May 3: The Blair Fund, Inc., 2-25794; LTV Electrosystems, Inc., 2-26255 (40 days); Owens-Corning Fiberglas Corp., 2-26366; Effective May 4: Sonderling Broadcasting Corp., 2-26220 (August 2); General Employment Enterprises, Inc., 2-26289 (August 2).

NOTE TO DEALERS. 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.