

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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MINING EXCHANGE SUBPOENA REQUEST DENIED. In a decision announced today (Release 34-7106) the SEC affirmed a ruling by its Hearing Examiner denying a request by the San Francisco Mining Exchange that a subpoena duces tecum be issued directing the Secretary of the Commission to produce certain staff papers to determine whether the Commission has prejudged the issues in this proceeding and is biased and prejudiced against the Exchange."

The Exchange's application for the subpoena quotes from a 1962 letter between two staff members (a copy of which had been given to the Exchange before the hearings began) which stated that the report of the investigation of the Exchange prepared by the Commission's staff was "revised in accordance with the Commission's directions" and "that the staff of the Commission...reached a firm conclusion that the registration of the San Francisco Mining Exchange, as a national securities exchange, must be terminated..." The Exchange argued that on the basis of these statements the members of the Commission already hold the opinion that the registration of the Exchange should be terminated and that such opinion is based on the consideration of evidence and matters not a part of the record in the proceedings.

The Commission noted, however, that the institution of these proceedings followed an investigation by the Division of Trading and Exchanges and a report concerning the Exchange made by that Division at the Commission's direction. This report was presented to the Commission as the basis for determining whether to issue an order for proceedings. The Commission further noted that these procedures conformed to the practice followed by it and other administrative agencies in instituting administrative proceedings. However, in view of the circumstances, particularly that this is the first instance of proceedings for withdrawal of the registration of an exchange, "we authorized the Division to take the unusual step of furnishing the Exchange a copy of the Division's report prior to the institution of the proceedings. The Exchange thus was given an opportunity to review and evaluate all of the Division's allegations. This was in effect the presentation to the Exchange of a detailed bill of particulars prior to the institution of the proceedings. It now seeks to use this special opportunity afforded it as a basis for obtaining access to files and inter-office communications to see whether in its opinion we have arrived at a decision, or will do so, on the basis of matters not contained in the record." The Commission further observed: "The fact that we may have discussed the institution of these proceedings does not disqualify us from later deciding the issues in the case on the basis of the record." It also noted that Congress, the courts and the Administrative Procedure Act recognize that agency members may be given ultimate responsibility for investigations without thereby being precluded from participating in the deciding of the resulting adjudicatory proceedings. The Commission concluded that since the facts alleged by the Exchange, even if proved, would not be sufficient to disqualify the Commission, it follows that the evidence sought to be adduced by the subpoena would be neither relevant or material; and accordingly, the Commission sustained the hearing examiner's refusal to issue it.

CONTINENTAL VENDING SUSPENSION CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the common stock and debentures of Continental Vending Machine Corporation for a further ten-day period, August 5 to August 14, 1963, inclusive.

TWO DELISTINGS APPROVED. The SEC has granted applications of the Midwest Stock Exchange to delist the common stocks of Perfect Circle Corporation and Advance Ross Electronics Corporation, effective at the opening of business on August 12, 1963 (Release 34-7110).

UNLISTED TRADING SOUGHT. The SEC has issued orders (Release 34-7110) giving interested persons until August 16, 1963 to request hearings upon an application of the Boston Stock Exchange for unlisted trading privileges in the common stock of Toledo Edison Company, and upon similar applications of the Philadelphia-Baltimore-Washington Stock Exchange for such privileges in the common stocks of Purolator Products, Inc. and Illinois Central Industries, Inc.

UNLISTED TRADING GRANTED. The SEC has granted applications of the Boston Stock Exchange (Release 34-7110) for unlisted trading privileges in the common stocks of Ewhart Manufacturing Company, The Fafnir Bearing Company, Pacific Petroleum, Limited and United Utilities, Incorporated, and a similar application of the Philadelphia-Baltimore-Washington Stock Exchange for such privileges in the common stock of High Voltage Engineering Corporation.

TRANS WORLD LIFE FILES FOR STOCK OFFERING. Trans World Life Insurance Company, 609 Sutter St., San Francisco, filed a registration statement (File 2-21616) with the SEC on July 31 seeking registration of 5,000 shares of common stock, to be offered for public sale through underwriters headed by Alex. Brown & Sons, 135 E. Baltimore St., Baltimore. The public offering price (maximum \$5 per share*) and underwriting terms are to be supplied by amendment.

The company was organized in October 1962 for the purpose of engaging in the business of issuing and selling policies of life and disability insurance. It has not as yet done any business and the purpose of this offering is to provide the company with the necessary capital and surplus so that it will be qualified to receive a Certificate of Authority to engage in such business in California, and so that it will be in a suitable financial position to undertake and conduct such business. A portion of the net proceed from the stock sale will be invested in securities which are permitted investments for California life insurance companies, and the balance will be retained in cash. The company has no stock outstanding and American Fidelity Life Insurance Company, of Pensacola, Florida (which participated in the company's organization) intends to purchase 60,000 shares of the present offering. Charles P. Woodbury is board chairman (and president and 7.3% owner of American Fidelity) and Lee Cazort, Jr. is president.

NEW ENGLAND T&T FILES FOR RIGHTS OFFERING. New England Telephone and Telegraph Company, 185 Franklin St., Boston, filed a registration statement (File 2-21620) with the SEC on August 1 seeking registration of 2,099,857 shares of capital stock. It is proposed to offer such stock for subscription by common stockholders at the rate of one new share for each 12 shares held of record on August 27, 1963. No underwriting is involved. The subscription price is to be supplied by amendment. The net proceeds from the stock sale will be used to repay \$80,000,000 of advances from the company's parent, American Telephone and Telegraph Company, and the balance will be used for general corporate purposes, including extensions, additions and improvements to its plant. Construction expenditures for 1963 are estimated at \$140,000,000. In addition to various indebtedness, the company has outstanding 25,198,292 shares of common stock, of which AT&T owns 69.32%. Erskine N. White is president.

TOWNSEND COMPANIES RECEIVE ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3747) authorizing a loan of \$326,000 to be made by Townsend Management Corporation to Townsend Corporation of America (both Short Hills, N. J. registered investment companies) so as to permit the latter and its subsidiaries to repay outstanding obligations and to meet other urgent commitments.

SEABOARD ASSOCIATES RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3748) authorizing Seaboard Associates, Inc., New York closed-end investment company, to acquire 3,802 shares of its stock from Wallace J. Grove, a director, at \$17 per share.

GREAT SOUTHERN CAPITAL EXEMPTED. The SEC has issued an order under the Investment Company Act (Release IC-3749) declaring that Great Southern Capital Corporation, of Shreveport, La., has ceased to be an investment company.

CONSOLIDATION COAL RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3750) authorizing certain transactions between Consolidation Coal Company, National Steel Corp. (both of Pittsburgh), 22% and 26% owned, respectively, by The M. A. Hanna Company, a registered closed-end investment company, and Mathies Coal Company. The Commission authorized (1) the proposed sale of 18,000 shares of Mathies stock to National by Consolidation at a purchase price equal to the book value thereof (\$181.35 per share at December 31, 1962), and (2) the sale of certain coal acreage (about 1,549 acres) to Mathies by Consolidation for \$2,218,000.

SECURITIES ACT REGISTRATIONS. Effective August 1: The Tokio Marine and Fire Insurance Company, Limited (File Nos. 2-21534 and 21535).

ORAL ARGUMENT, COMING WEEK. Wright, Myers & Bessell, Inc., August 8, 2:30 P.M.

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