

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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TEN BROKER-DEALER WITHDRAWALS PERMITTED. In a decision announced today (Release 34-7221), the SEC permitted the following to withdraw their registrations as brokers and dealers and discontinued proceedings under the Securities Exchange Act to determine whether their registrations should be revoked for failure to file required financial reports: Addison Securities, Inc., West Hempstead, N. Y.; Edgar J. Boyer dba Edgar J. Boyer & Co., Ogdensburg, N.Y.; Paul B. Karsch dba City-Wide Investors Co., Flushing, N.Y.; Gerald F. Bowen, Rensselaer, N.Y.; George M. Curtis, New York City; Edith Harwood dba Harwood Securities Co., New York City; Joseph A. Costello dba Investor's Mutual Services Co., New York City; Jeffrey Robert Corp., Brooklyn, N.Y.; Bernice Gordon dba Matthew Investing Co., Brooklyn, N.Y.; Raymond F. Villa dba R. F. Villa Co., Baldwin, N.Y. According to the decision, each of the respondents filed a stipulation and offer of settlement waiving a hearing, admitting the violation, stating that they were no longer engaged in the securities business and owed no cash or securities to customers, and requesting withdrawal of their registrations.

INVESTMENT COMPANY RULE PROPOSED. The SEC today announced a proposal to adopt a new Rule 12d-1 under the Investment Company Act to provide an exemption from the provisions of Section 12(d)(3) of the Act, to permit, under certain prescribed conditions, registered investment companies and companies controlled by registered investment companies to purchase or acquire for investment purposes, securities issued by, or other interests in the business, of any person which is engaged in the business of a broker, a dealer, an underwriter, an investment adviser of a registered investment company or an investment adviser registered under the Investment Advisers Act of 1940. Interested persons may submit views and comments upon the rule proposal not later than February 17, 1964.

With respect to the proposal, the Commission states, in part: "It has come to the attention of the Commission that several companies whose outstanding securities for some time have been and presently are held as investments by a number of registered investment companies, recently have acquired or presently propose to organize or acquire interests in companies engaged or to be engaged in underwriting securities or in furnishing investment advice or in conducting the business of a securities broker-dealer. Under these circumstances the provisions of Section 12(d)(3) operate to reduce the range of securities that investment companies may select for and hold in their portfolios. The companies acquiring these interests have suggested that notwithstanding the provisions of Section 12(d)(3) of the Act, a Rule should be promulgated by the Commission permitting investment companies to retain or to acquire the securities of which they are the issuers because they are primarily and predominantly engaged in other businesses. They state in this regard that a relatively insignificant portion of their gross revenues is or will be derived from the businesses referred to in Section 12(d)(3)."

The exemption would be subject to the conditions (1) that the total gross revenues of the person in or through which such interest is acquired do not exceed 15% of the total revenues of such person derived from all sources; (2) immediately after such purchase, no more than 3% of the outstanding voting stock of such person is owned by the investment company and its affiliates and all other investment companies having the same (or an affiliated) investment adviser; and (3) the interest in such person will be disposed of or reduced if at the end of any semi-annual accounting periods conditions (1) and (2) are not met. (Release IC-3896)

GENERAL PUBLIC UTILITIES SEEKS ORDER. General Public Utilities Corporation, 80 Pine St., New York City, and subsidiaries have joined in the filing with the SEC of a proposal to modify their method of allocating consolidated tax liabilities; and the Commission has issued an order (Release 35-14995) under the Holding Company Act giving interested persons until January 30, 1964 to request a hearing on the matter. General Public Utilities and its subsidiaries propose generally to utilize a method of allocation which will give to each of the companies included in consolidated tax returns of GPU and its subsidiaries the full investment credit each company contributes to the total investment credit allowed on the consolidated returns. In addition, it is proposed that the amount of any foreign tax credit allowed on the GPU system's consolidated tax returns shall be given to the system company or companies which had paid the foreign taxes related to such foreign tax credit.

SOUTHERN CO. PROPOSES SYSTEM FINANCING. The Southern Company, 3390 Peachtree Rd., N.E., Atlanta, has joined with certain of its electric subsidiaries in the filing of a financing proposal with the SEC under the Holding Company Act; and the Commission has issued an order (Release 35-14996) giving interested persons until February 7, 1964 to request a hearing thereon.

Southern proposes to issue and sell at competitive bidding up to 600,000 shares of its authorized but unissued common stock (\$5 par value) and to use the proceeds therefrom to retire bank notes aggregating \$14,989,000 at December 31, 1963, and from time to time during 1964 to make additional investments (totaling \$19,000,000) in the common stocks of subsidiaries, as follows: Alabama Power Co., \$5,000,000; Georgia Power Co., \$8,000,000; Mississippi Power Co., \$4,000,000; Gulf Power Co., \$2,000,000. The subsidiaries propose to use the proceeds from the stock sales, to finance 1964 construction expenditures, estimated at \$71,167,000, \$81,391,000, \$21,168,000, \$18,442,000, respectively.

SECURITIES ACT REGISTRATIONS. Effective January 14: IPCO Hospital Supply Corp. (File 2-21926). Effective January 15: Coronet Industries, Inc. (File 2-21891); Management Assistance Inc. (File 2-21532); Transcontinental Gas Pipe Line Corp. (File 2-21949). Withdrawn January 13: Potomac Real Estate Investment Trust (File 2-20567).