

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

(In ordering full text of Releases from Publications Unit, cite number)

FOR RELEASE October 31, 1962

GROUP ANNUITY CONTRACTS RULE PROPOSED. The SEC today announced a proposal to adopt a new Rule 3c-3 under the Investment Company Act (Release IC-3565) exempting from that Act transactions of insurance companies with respect to certain group annuity contracts providing for administration of funds held by them in a separate account established and maintained pursuant to legislation which permits the income, gains and losses (whether or not realized) from assets allocated to such account to be credited to or charged against such account without regard to other income, gains or losses of the insurance company. Interested persons are invited to submit their views and comments on the proposed new rule not later than November 30, 1962.

The new rule contemplates that employers would make payments to such accounts as a means of accumulating the funds required to discharge their obligations under pension plans to provide their employees with annuities in fixed-dollar amounts upon their retirement. It is also contemplated that the assets allocated to such a special account would be invested free of the usual restrictions applicable to investment by insurance companies in common stocks. Under the type of pension contract which would utilize such special accounts, the risk of market fluctuation of equities occurs only during the accumulation period and is on the employer. The annuity which will be provided for a retired employee is not affected by market fluctuations. The exemption provided by the proposed rule would be available only if certain requirements are met, including the following. The pension plan must qualify under Section 401 or 403(a)(1) of the Internal Revenue Code of 1954, must cover a least 25 employees as of the plan initiation date, and must not provide for payment of retirement benefits measured by the investment results of the assets allocated to the segregated account; should the plan allow employee contributions, such contributions cannot be allocated to the separate account.

WEST PENN POWER FINANCING APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14732) authorizing the sale (at competitive bidding) by West Penn Power Company, Greensburg, Pa., subsidiary of Allegheny Power System, Inc., a registered holding company, of \$14,000,000 of first mortgage bonds (Series T) due 1992. The net proceeds from the bond sale, together with other funds, will be used to redeem on December 1, 1962 (at 106.33%) \$14,000,000 of outstanding 5-1/8% first mortgage bonds (Series R) due 1989.

U.S. MANAGEMENT CORP., OTHERS ENJOINED. The SEC Denver Regional Office announced October 26th (LR-2409) the entry of Federal court orders (USDC, Wyoming) permanently enjoining Douglas L. Lee, and temporarily enjoining United States Management Corporation, Frank E. Huggins and Leonard J. Tillotson, against violations of the Securities Act registration and anti-fraud provisions in the sale of investment contracts relating to a joint venture the purpose of which was to advertise a book entitled: "Own a Business in America's Future."

GRAND TETON HOLDING CO., OTHERS ENJOINED. The SEC Denver Regional Office announced October 26th (LR-2410) the entry of Federal court orders (USDC, Wyoming) permanently enjoining Rodney Bluemel and preliminarily enjoining Grand Teton Holding Company and Asael Lyman, against violations of the Securities Act registration and anti-fraud provisions in the offer and sale of Grand Teton stock.

GENERAL MOTEL FILES FOR OFFERING. General Motel Company, 3101 Euclid Ave., Cleveland, filed a registration statement (File 2-20852) with the SEC on October 29th seeking registration of \$787,500 of additional limited partnership interests, to be offered for public sale by the general partners at \$2,250 per unit.

General Motel is a limited partnership organized under Ohio law in October 1962 with George E. Springer, Jr., Max M. Cohen, Ronald M. Gottfried, Mark P. Schumann and Sherwood M. Weiser, as general partners, and said persons, Michael A. Schumann and Aaron A. Weiser as original limited partners. It intends to acquire fee title to two parcels of land located in Richmond, Indiana and at the Butler Valley exit of the Pennsylvania Turnpike and to construct thereon two Howard Johnson motor lodges and restaurants. The property will be leased to a company wholly-owned by the general and original limited partners (Motor Lodge Leasing Corp) under a net lease. For a total cash sum of \$800,000, of which \$12,500 has been contributed by the general partners and \$787,500 to be contributed by the investing public through sale of the limited partnership interests, and with the use of \$1,200,000 obtained through first mortgages and chattel mortgage financing, the partnership anticipates that it will be able to pay all costs and expenses necessary to purchase the land and to construct, furnish, equip and landscape the two motels and restaurants. The total purchase price of the two parcels is \$208,500; and the partnership will pay the Hotel Building Corporation a total of \$1,288,000 plus a builder's fee of \$143,000 to construct the motels and restaurants. According to the prospectus, the contractor has agreed to purchase 22 additional limited partnership units at \$2,250 per unit. Bates and Springer, Inc., a company wholly-owned by George E. Springer, Jr., has been retained by Motor Lodge Leasing Corp. to manage the partnership properties at a fee equal to 4% of the gross income. The original limited partners have received an aggregate of \$100,000 in limited partnership interests at no cash cost.

MASS. GENERAL LIFE FILES FOR STOCK OFFERING. Massachusetts General Life Insurance Company, 22 Battery-march St., Boston, filed a registration statement (File 2-20854) with the SEC on October 30th seeking registration of 330,000 shares of capital stock, to be offered for public sale through underwriters headed by Kidder, Peabody & Co., Inc., 75 Federal St., Boston. The public offering price (maximum \$13 per share*) and underwriting terms are to be supplied by amendment.

OVER

The company was organized under Massachusetts law in January 1962, and is presently engaged in that State in conducting a life insurance, accident and health insurance, and annuity business. The net proceeds from the stock sale will initially be invested in income producing securities and subsequently to expand business by enlarging sales force and extending territory. The company has outstanding 200,000 shares of capital stock (sold privately at \$8 per share), of which Massachusetts Hospital Life Insurance Co. owns 33.7%, Fiduciary Trust Company (as trustee) 13.1%, and management officials as a group 18.4%. Lawrence A. Sykes is board chairman and president of Massachusetts Hospital Life, and James R. Greaney is president.

CHAMPION SPARK PLUG FILES STOCK PLAN. Champion Spark Plug Company, 900 Upton Ave., Toledo, Ohio, filed a registration statement (File 2-20855) with the SEC on October 29th seeking registration of 100,000 shares of common stock, to be offered pursuant to its 1961 Key Employee Restricted Stock Option Plan.

MONTANA-DAKOTA UTILITIES PROPOSES BOND OFFERING. Montana-Dakota Utilities Co., 831 Second Avenue South, Minneapolis, filed a registration statement (File 2-20856) with the SEC on October 30th seeking registration of \$10,000,000 of first mortgage bonds due 1987 and \$5,000,000 of first mortgage sinking fund bonds due 1982, to be offered for public sale at competitive bidding. The net proceeds from the bond sale will be applied to the payment of \$12,000,000 of short-term bank notes incurred to meet in part the costs of the company's 1962 construction program (estimated at \$18,000,000); and the balance will be added to general funds and applied to pay the balance of the 1962 construction program (with about \$1,000,000 available to apply to the 1963 program, estimated at \$15,000,000).

WHIRLPOOL FILES STOCK PLANS. Whirlpool Corporation, Benton Harbor, Mich., filed a registration statement (File 2-20857) with the SEC on October 30th seeking registration of 328,325 shares of common stock, to be offered pursuant to its 1955 Employees Stock Purchase Plan and its 1959 Employees Stock Plan.

COLUMBIA GAS SYSTEM PURCHASE APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14733) authorizing the purchase by Columbia Gas of Pennsylvania, Inc., subsidiary of The Columbia Gas System, Inc., New York holding company, of substantially all of the assets of Ambridge Gas Company, a nonaffiliated gas utility company, for 5,461 common shares of Columbia. According to the order, Pennsylvania will issue to its parent 3,586 common shares in exchange for the shares of Columbia to be delivered to Ambridge. The assets of Ambridge, as of March 31, 1962, amounted to \$133,097 and its liabilities \$43,424.

CENTRAL AND SOUTH WEST SEEKS ORDER. Central and South West Corporation, Wilmington registered holding company, and its public-utility subsidiary, Public Service Company of Oklahoma, have applied to the SEC for an order under the Holding Company Act authorizing Central to make a capital contribution of all of the outstanding stock (100 shares) of Transok Pipe Line Company to Public Service; and the Commission has issued an order (Release 35-14734) giving interested persons until November 19, 1962 to request a hearing thereon.

NEW ENGLAND POWER SEEKS ORDER. New England Power Company, Boston subsidiary of New England Electric System, a registered holding company, has applied to the SEC for an order under the Holding Company Act authorizing its sale at competitive bidding of \$12,000,000 of first mortgage bonds (series J) due 1992, and 100,000 shares of \$100 par cumulative preferred stock; and the Commission has issued an order (Release 35-14735) giving interested persons until November 20, 1962 to request a hearing thereon. As previously reported (News Digest of October 30, 1962) the company intends to use the net proceeds from the bond sale to pay, in part, short-term notes (estimated at \$15,000,000) incurred for construction purposes or to reimburse the treasury therefor; and the net proceeds from the preferred stock sale, together with treasury funds, will be applied to the redemption of 100,000 shares of \$100 par cumulative preferred stock (5.52%) at \$107.74 per share.

LONDONTOWN MANUFACTURING HEARING POSTPONED. On request of counsel for Londontown Manufacturing Company, of Baltimore, the hearing in stop order proceedings pending in respect of that company's Securities Act registration statement has been postponed from October 31 to November 21, 1962. The further postponement was occasioned by the continued efforts of the parties to negotiate a factual stipulation which might avoid the necessity of an evidentiary hearing.

SECURITIES ACT REGISTRATIONS. Effective October 30: Duro-Test Corp. (File 2-20731); Maremont Corp. (File 2-20712); Spencer Chemical Co. (File 2-20606). Effective October 31: Clark Equipment Co. (File 2-20835); Florida Power Corp. (File 2-20816); Hunter Engineering Co. (File 2-20751); Richardson-Merrell, Inc. (File 2-20833); West Penn Power Co. (File 2-20817). Withdrawn October 29: Argus Financial Fund, Inc. (File 2-19774); Saw Mill River Industries, Inc. (File 2-20093). Withdrawn October 30: American Strategic Minerals Corp. (File 2-20569); RF Interonics, Inc. (File 2-19236); First Income Realty Trust (File 2-19276).

*As estimated for purposes of computing the registration fee.

---ooo0ooo---