

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 No. 66-47)

FOR RELEASE March 10, 1966

SEC ISSUES "CITY BANK" INVESTMENT ACCOUNT DECISION. The SEC today issued a decision granting in part an application by First National City Bank, of New York City, for exemptions from various provisions of the Investment Company Act of 1940 with respect to a Commingled Investment Account ("Account") which the Bank proposes to establish. Commissioner Budge dissented.

The Account, which will register under the Act as a diversified, open-end management investment company, is to be operated as a collective investment fund for investments of \$10,000 or more pursuant to applicable regulations of the Comptroller of the Currency. No sales load or redemption charges will be imposed. The operation of the Account will be subject to the supervision of a committee ("Committee"), the statutory equivalent of a board of directors, and the Bank will serve as the Account's investment adviser. While the Bank has for many years managed customers' portfolios, it considers that it cannot economically accept individual accounts of less than about \$200,000. The purpose of the Account is to make available similar managing services to smaller investors. Collective investment funds of the nature proposed by the Bank only became possible as a result of a revision of the banking regulations in 1963. The Comptroller of the Currency has approved the proposed arrangement; and the Federal Reserve Board has ruled that it would not violate a provision of the banking laws relating to interlocking relationships between commercial banks and companies engaged in certain securities activities.

Principally, the application requested exemptions in order to permit all but one of the members of the Committee, which under the Bank's proposal would initially consist of seven persons, to be affiliated with the Bank. The Commission's order permits up to 60% of the Committee members to be affiliated; but the Commission refused to permit all but one to be affiliated.

In also granting an exemption from the provision of the Act which prohibits a majority of the board of directors of a registered investment company from consisting of persons who are officers or directors of any one bank, the Commission noted that the type of fund here proposed was not foreseen at the time the Investment Company Act was passed and was substantially different from the bank-dominated investment companies with which Congress was concerned. The Commission emphasized that there were substantial safeguards against conflicts of interest which could arise as between the Account and the Bank's commercial banking activities, particularly by virtue of the supervision and regulation by banking authorities.

The Commission further exempted the Account from the Act's prohibition against a registered investment company having a majority of its board affiliated with investment bankers. It noted that since the Bank's underwriting activities were restricted to debt securities of governmental authorities, and the proposed fund would be primarily a stock fund, there was no basis for concern that the Bank, in its capacity as investment banker, could or would use the Account to its advantage. However, it imposed a condition that the Account not be permitted to buy any securities underwritten by the Bank during the time any such securities remained unsold in the hands of the Bank or any other underwriter.

In declining to allow the Committee to have only one unaffiliated member, a composition which the Act permits for investment companies charging no sales load and functioning as an adjunct to a registered investment adviser, the Commission held that a sufficient showing had not been made that the exemption from the Act's requirement that 40% of a fund's board of directors be unaffiliated was necessary to enable the Bank to create and operate the Account under the rulings of the banking authorities or was otherwise necessary or appropriate in the public interest.

Commissioner Budge dissented on the ground that the statutory prerequisites in the Investment Company Act for the granting of an exemption had not been met. He stated that a bank-dominated investment company, contravenes the Congressional policy expressed in the Investment Company Act and the banking laws against the combining of commercial banking and investment company activities.

GREAT SOUTHWEST DRILLING OFFERING SUSPENDED. The SEC has ordered administrative proceedings under the Securities Act of 1933 involving Great Southwest Drilling Programs, Inc., of Kenilworth, Ill. and Shreveport, La. The order questions the accuracy and adequacy of various informational disclosures contained in that company's Securities Act registration statement; and a hearing is scheduled for March 21, 1966, to take evidence with respect thereto. The hearing will be held in the Federal Building (Room 409) in Shreveport.

The registration statement was initially filed in November 1964 and was amended on three occasions, the latest amendment being filed in March 1965. It proposed the public offering by the company ("Registrant") of \$2,000,000 of interests under a "General Program" of exploration for oil and gas. The prospectus listed Adrian G. Russell of Evanston, Ill., as president, Olen C. Smith as vice president, Elizabeth Lee Sentell as treasurer, and Corwin B. Reed as secretary. They also were listed as owners of all of Registrant's outstanding stock. The Commission's staff asserts that the registration statement and prospectus are false and misleading by reason of (1) their failure to name William Harvey Parker, of Shreveport, La., as a promoter, parent and executive officer; (2) the omission of information with respect to 1961 and 1965 federal court injunctive orders involving Securities violations obtained by the Commission against Parker and certain affiliated persons and companies (including Mrs. Sentell, his mother-in-law); (3) the failure to disclose that interests in the Exploration Program would be offered through broker-dealer firms owned and controlled by Mrs. Sentell and Messrs. Russell and Reed; and (4) the failure to disclose that understandings existed

OVER

between management officials and Parker to the effect that registrant would acquire leases from companies owned or controlled by Parker, and that companies owned or controlled by Parker would be engaged for the development and operation of oil and gas wells.

STATE STREET INVESTMENT RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-4537) authorizing State Street Investment Corporation, Boston, Mass., open-end diversified investment company, to issue its shares at net asset value for substantially all of the cash and securities of the Von Investment Corp.

INTERNATIONAL CAMRA-CORDER CITED. The SEC New York Regional Office announced March 7 (LR-3450) the filing of a complaint (USDC, SDNY) seeking to enjoin International Camra-Corder Corporation, New York, Daniel Stack, its president, and six securities salesmen from further violations of the anti-fraud provisions of the Federal securities laws in the sale of Camra-Corder securities. The defendant salesmen are: Robert J. Alexander, Fred Cimino, Leonard Geller, Albert Hyman, Borris Kossecki and Jerry R. Phillips.

COMPLAINT CITES S&P NATIONAL CORP., OTHERS. The SEC announced February 21 (LR-3451) the filing of a complaint (USDC, SDNY) seeking to enjoin S&P National Corp.; its wholly-owned subsidiary, Smith-Palmer Machine Corp.; Smith-Palmer's wholly-owned subsidiary, Southwest International Corp.; David M. Milton, and Ralph E. Still (all doing business in New York City) from further violations of certain provisions of the Investment Company Act and the Securities Exchange Act. The complaint also requests that the court appoint a receiver or trustee to take custody of the books, records and assets of the defendant corporations. The Commission will seek a preliminary injunction and the temporary appointment of a receiver pending action on the request for permanent relief.

WHITWORTH, OTHERS INDICTED. The SEC Seattle Regional Office announced March 7 (LR-3452) the return of an indictment (USDC, Idaho) charging Loraine M. Buhler, Robert V. Hansen, Lynn Cary, Stratford L. Wendelboe (all of Salt Lake City), Edward Eugene Whitworth (Pocatello, Ida.), Fletcher E. Heilesen (Twin Falls, Ida.), and Irving E. Andersen (Meridian, Ida.) with violations of and conspiracy to violate the Securities Act anti-fraud provisions in the sale of common stock of Rocky Mountain Chemical Corp.

DE KALB-OGLE TELEPHONE PROPOSES RIGHTS OFFERING. DeKalb-Ogle Telephone Company, 112 W. Elm St., Sycamore, Ill. 60178, filed a registration statement (File 2-24607) with the SEC on March 8 seeking registration of 84,183 shares of common stock. The stock is to be offered for subscription by common stockholders at \$20 per share, and at the rate of one new share for each five shares held on April 1, 1966. The stockholders are also to be offered the privilege to oversubscribe, at a price of \$28 per share, subject to allotment. Any unsubscribed shares are to be offered for public sale through Dean Witter & Co., 50 W. Adams St., Chicago, Ill. 60603, which is to purchase such shares from the company at \$28 per share. The company is to pay Dean Witter 15¢ per share in respect of all the shares subscribed for and an additional 85¢ in respect of each of the unsubscribed shares. The underwriter has agreed to pay the company an amount equal to 75% of the amount by which the price of unsubscribed shares sold by the underwriting firm within 30 days after the expiration of the subscription period exceeds \$28 per share.

The company is engaged in rendering telephone services, principally in North Central Illinois. Net proceeds of this financing are to be used in connection with its construction program, estimated to cost \$3,100,000 during 1966. In addition to indebtedness, the company has outstanding 420,915 common shares, of which management officials own 6.68% and Illinois Bell Telephone Co. 30.18%. A. P. Murray is president of the company.

PACKARD-BELL ELECTRONICS FILES STOCK PLAN. Packard-Bell Electronics Corporation, 12333 W. Olympic Blvd., Los Angeles, Calif. 90064, filed a registration statement (File 2-24608) with the SEC on March 9 seeking registration of 111,363 shares of capital stock, to be offered pursuant to its Restricted Stock Option Plan.

A. H. ROBINS CO. FILES FOR SECONDARY. A. H. Robins, Incorporated, 1407 Cummings Dr., Richmond, Va., filed a registration statement (File 2-24609) with the SEC on March 9 seeking registration of 225,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering is to be made through underwriters headed by Goldman, Sachs & Co., and Smith, Barney & Co. Inc., both of 20 Broad St., New York 10005. The public offering price (\$71 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the development and sale of pharmaceutical specialties. In addition to indebtedness, it has outstanding 4,212,312 shares of common stock, of which E. Claiborne Robins (president) and members of his family own 72.7%. The prospectus lists three selling stockholders, including Robins, offering 125,000 of 1,367,055 shares held, and Robins as trustee under the will of Martha E. Robins, deceased, 75,000 of 1,004,900.

HAUSMAN PROPOSES OFFERING. Hausman Corporation, 300 Sandusky St., Toledo, Ohio 43611, filed a registration statement (File 2-24610) with the SEC on March 9 seeking registration of 40,000 shares of convertible preferred stock, \$5 par value. The stock is to be offered for public sale through underwriters headed by The Ohio Co., 51 N. High St., Columbus, Ohio 43215, and Howard, Weil, Labouisse, Friedrichs and Co., 211 Carondelet St., New Orleans, La. 70130. The dividend rate, public offering price (\$25 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is a supplier of products and services for building and highway construction. Net proceeds of its stock sale will be used for the acquisition of additional property and equipment. In addition to indebtedness, the company has outstanding 12,347 preferred (\$25 par value) and 172,160 common shares, of which management officials own 549 and 76,038 shares, respectively. Frederick I. Hausman (president), James S. Hausman (vice president), and William L. Hausman (vice president) are voting trustees under a Voting Trust Agreement covering 82,270 common shares.

FOSTER-FORBES GLASS FILES FOR SECONDARY. Foster-Forbes Glass Company, Marion, Ind., filed a registration statement (File 2-24611) with the SEC on March 9 seeking registration of 70,000 outstanding shares of common stock, to be offered for public sale by William P. Forbes (senior vice president). The offering is to be made through underwriters headed by Glore Forgan, Wm. R. Staats, Inc., 135 S. La Salle St., Chicago, Ill. 60603, and Raffensperger, Hughes & Co., Inc., 20 N. Meridian St., Indianapolis, Ind. 46204. The public offering price (\$37 per share maximum*) and underwriting terms are to be supplied by amendment.

The company manufactures and sells glass containers used in various industries. In addition to indebtedness and preferred stock, the company has outstanding 392,789 common shares, of which management officials own 59.26%. Forbes, the selling stockholder, presently owns 89,576 common shares. John M. Foster is board chairman and Robert R. Board is president.

MICHIGAN WISCONSIN PIPE LINE PROPOSES OFFERING. Michigan Wisconsin Pipe Line Company, One Woodward Ave., Detroit, Mich. 48226, filed a registration statement (File 2-24613) with the SEC on March 9 seeking registration of \$45,000,000 of first mortgage pipe line bonds (due 1986), to be offered for public sale at competitive bidding. A subsidiary of American Natural Gas Co., the company will use the proceeds of its bond sale (together with funds from the sale of an additional 100,000 shares of common stock to the parent company) in connection with its construction program. The 1966 construction program is estimated to cost \$90,000,000.

AMERICAN T&T PROPOSES DEBENTURE OFFERING. American Telephone and Telegraph Company, 195 Broadway, New York 10007, today filed a registration statement (File 2-24616) with the SEC seeking registration of \$250,000,000 of 35-year debentures (due 2001), to be offered for public sale at competitive bidding. The company will use the net proceeds of this financing for advances to and purchase of stock from its subsidiaries and associated companies, for additions and improvements to its own telephone plants, and for general corporate purposes. Construction expenditures for the company amounted to \$3,918,000,000 in 1965, and it is anticipated that such costs for 1966 will be about the same.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the caption of the several items of the form was included in the March 1 News Digest.

Burlington Industries Inc Feb 66(11)	1-2932-2	Doyle Dane Bernbach Inc Feb 66(9,11,12)	0-171-2
Clear Creek Corp Feb 66(6)	0-1379-2	Ingersoll Rand Co Feb 66(12,13)	1-985-2
F L Jacobs Co Jan 66(6)	1-2645-2	National Rolling Mills Co Feb 66(7)	1-4674-2
Consolidated Laundries Corp Feb 66(12)	1-574-2	Pantasote Co Nov 65(12,13)	1-4678-2
Hotel Corp of America Dec 65(2)	1-3466-2	Sunshine Mining Co Feb 66(12)	1-678-2
Williams-McWilliams Industries Inc Feb 66(12)	1-3933-2	" " "May 65(11,13)	1-678-2
Freeport Sulphur Co Feb 66(13)	1-605-2	A M Castle & Co Feb 66(13)	1-505-2
Shattuck Denn Mining Corp Feb 66(7)	1-948-2	National Steel Corp Feb 66(12)	1-983-2
Macaw Crop Feb 66(2,11,13)	1-481-2	IRC Inc Feb 66(7)	1-3768-2
Liberty Fabrics of New York Inc Feb 66(4,7,8,13)	1-3595-2	Nationwide Motorist Assn Inc Jan 66(9,13)	2-22125-2
Aeronca Mfg Corp Feb 66(6)	1-4005-2	Scotten Dillon Co Feb 66(11)	1-1836-2
		Hotel Corporation of America Amend #1 for Jan 66(2)	1-3466-2

SECURITIES ACT REGISTRATIONS. Effective March 9: Communications Industries, Inc., 2-23742 (June 8); Deere & Co., 2-24533 (April 18); Holiday Inns of America, Inc., 2-24368.

Effective March 10: Fourth Empire Fund, Inc., 2-24332; Third Presidential Fund, Inc., 2-24333.

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.