

# 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.

FOR RELEASE December 13, 1956

## Investment Company Act Release No. 2457

Mutual Investment Fund of Connecticut, Inc., Hartford, Conn., has applied to the SEC for an order exempting it from specified provisions of the Investment Company Act and certain Commission rules thereunder; and the Commission has issued an order giving interested persons until December 26, 1956, to request a hearing thereon.

Mutual was organized August 14, 1956, by the Savings Banks' Association of Connecticut following enactment of Section 2678(d) of the 1955 Supplement to Connecticut General Statutes. This statute, sponsored by the Association and approved by the State Bank Commissioner, contemplates the organization of an investment company whose shares would be owned by savings banks located in Connecticut. Mutual seeks exemption from Section 20(a) of the Act and Rule N-20A-1 thereunder with respect to proxy solicitations; Section 24(d) with respect to certain exemptions from the registration requirements of the Securities Act applicable to securities offered intra-state; Section 22(d) with respect to the sale of securities at a public offering price described in a prospectus; Section 22(e) with respect to suspensions of the right of redemption or postponing the date of payment; Section 16(a) with respect to the election of directors.

## Securities Exchange Act Release No. 5419

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Paul Scarborough, Jr., of Hampton, Va. The hearing therein, scheduled for December 20, 1956, in the Commission's Washington Office, also will concern itself with the question whether Scarborough should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

The proceedings are based upon the conviction of Scarborough on December 4, 1956, in the United States District Court for the Eastern District of Virginia, of felonies involving the purchase and sale of securities and arising out of his conduct of the business as a broker or dealer.

At a hearing, inquiry will be conducted into the question whether, in view of such conviction, it is in the public interest to revoke Scarborough's broker-dealer registration or to suspend or expel him from membership in the NASD.

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OVER

Drexel Furniture Company (Drexel, N. C.) filed a registration statement (File 2-12952) with the SEC on December 12, 1956, seeking registration of 190,000 shares of its Common Stock (\$2.50 par). Drexel proposes to offer these shares in exchange for the issued and outstanding Common Stock and Class B Common Stock of Heritage Furniture, Inc., High Point, N. C., and for the issued and outstanding Common Stock of Morganton Furniture Company, Morganton, N. C.

The offers are to be at the rate of  $1\frac{1}{2}$  shares of Drexel stock for one share of Heritage stock, and at the rate of  $\frac{3}{4}$  share of Drexel stock for one share of Morganton stock.

The exchange offers are contingent upon acceptance by the holders of not less than 80% of the 665 outstanding shares of Common Stock and not less than 64,992 of the 78,910 outstanding Class B shares of Heritage, and by holders of not less than 80% of the 80,000 outstanding Common shares of Morganton.

The offerings are made to acquire control of Heritage and Morganton through stock ownership. The general effect of the plan of acquisition, according to the prospectus, will be to integrate and correlate the manufacture and distribution of case goods furniture, tables and upholstered furniture principally of bedroom, living room and dining room types.

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