

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.
November 29, 1956

Securities Exchange Act Release No. 5410

FOR RELEASE _____

The Securities and Exchange Commission has adopted an amendment of its Form 4 under the Securities Exchange Act of 1934 for the reporting of changes in the ownership of listed equity securities by officers, directors and 10% owners thereof.

The purpose of the amendment is to provide for identification of purchases made through the exercise of options and private transactions. Similar changes have been made in the comparable reporting forms under the Holding Company Act and the Investment Company Act (Forms U-17-2 and N-30F-2).

Under the revised forms, if the transaction were effected otherwise than in the open market, it shall be so indicated; and if the transaction was with the issuing company, it shall be so indicated. If the securities were acquired by the exercise of an option from the issuer, that fact and the exercise price per share shall be stated. Finally, if the transaction were other than a purchase or sale, it shall be so indicated, e.g., gift, 5% stock dividend, etc., as the case may be.

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International Capital Corporation, Des Moines, Iowa, filed a registration statement (File 2-12929) with the SEC on November 28, 1956, seeking registration of 370,000 outstanding shares of its 10¢ par Common Stock.

Of this stock, 185,000 shares are to be offered by The Equity Corporation to holders of the common stock Equity in exchange therefor; and the remaining 185,000 shares by Financial General Corporation to holders of common stock of Financial in exchange therefor.

Under the Equity exchange offer, holders of Equity common will be entitled to receive one share of International common for one share of Equity common; and under the Financial exchange offer, holders of Financial common will be entitled to receive 1-2/3 shares of International common for one share of Financial common.

International has been informed that 142,000 shares of Equity common owned by Fremont Corporation will be tendered in acceptance of the Equity exchange offer. To the extent that more than 185,000 shares of Equity common are tendered in acceptance of the Equity exchange offer, Equity will tender shares of Financial in acceptance of the Financial exchange offer up to the amount of available International common which Financial holds in order to obtain additional shares of International common to deliver to Equity stockholders. Acceptances by Equity of the Financial exchange offer will be subordinate to the prior right of holders of Financial common

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other than Equity to tender shares of Financial common in acceptance of the Financial exchange offer. Acceptances by Equity of the Financial exchange offer could reduce Equity's holdings of Financial common from 67.37% to not less than 65.69%.

The 185,000-share blocks of International stock to be offered by Equity and Financial each constitutes 42.14% of the outstanding International common. International was recently organized by the two companies and George Olmsted, the chief executive officer of the insurance companies in which International has direct and indirect interests. Equity and Financial are to receive the 185,000 shares each of International common in exchange for all the outstanding shares of common stocks of Investors Financial Corporation and Group Equities, Inc., both Delaware corporations. Olmsted and certain of his associates are to receive 6,000 preferred and 59,000 common shares of International in exchange for \$22,872 cash, 15,150 common shares of Hawkeye-Security Insurance Company, an Iowa corporation, and 1,500 shares of common stock of United Services Life Insurance Company, a District of Columbia corporation. An initial subscription for 10,000 shares of International common were purchased by Olmsted at par.

The formation of International and the acquisition by it of the common stocks of Investors Financial and Group Equities and of common stock of certain insurance companies, as indicated, will result "in the concentration in one management group of the insurance holdings of Equity, the insurance holdings of Financial General not directly related to the banking and credit operations of Financial General and its subsidiaries, and additional interests owned by others in certain of such insurance companies....The Exchange Offers afford an opportunity by which holders of Equity common and Financial General common may convert their shares representing investments in industrial, banking, and insurance enterprises into shares representing investments in insurance enterprises."

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Maine Fidelity Fire & Casualty Company, Portland, Me., filed a registration statement (File 2-12930) with the SEC on November 28, 1956, seeking registration of 99,500 shares of its \$5 par Capital Stock. The shares are to be offered for public sale at \$12.50 per share by McLaughlin Cryan & Co. on a best efforts basis, for which it will receive a selling commission of \$2.125 per share, plus \$20,000 of expenses and counsel fees. The underwriter has agreed to pay a finder's fee of 25¢ per share to Rackliff & Company, Inc., which is controlled by Herbert L. Rackliff, an officer and director of the company.

Maine Fidelity was organized in October, 1955, for the purpose of writing all types of insurance, except life insurance and annuities. The officers and directors of the company, including Burton M. Cross, its Board Chairman and President, purchased 2113 shares of its capital stock, 113 shares at \$5 per share and 2,000 at \$8.50. The officers and directors and their associates also will purchase 3,387 additional shares at \$10.375 per share (not covered by this registration statement).

Of the net proceeds from the sale of the 99,500 shares to the public and of the 5500 shares to management officials, \$525,000 will be credited to capital and the balance will be paid in surplus. When properly certified by the Commissioner of Insurance for the State of Maine, the company will engage in its business by issuing p

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Tri-State Rock Material Corporation, Leesburg, Va., filed a registration statement (File 2-12931) with the SEC on November 28, 1956, seeking registration of 500,000 shares of 6% Cumulative Convertible Preferred Stock, \$1.50 par, to be offered for public sale at \$1.50 per share. No underwriting is involved.

Tri-State was organized under Delaware law on August 31, 1956. It has no operating history. It owns a tract of land containing over 65 acres four miles east of Leesburg which, according to the prospectus, contains deposits of "traprock of the diabase and fine-grained gabbro variety suitable for construction and road-building uses." The company proposes to quarry traprock from this property, crush this rock and sell it for road construction and similar purposes, and to produce and sell asphalt road mix using the crushed stone as an aggregate.

Of the proceeds of the financing, \$250,000 is to be paid over to the equipment suppliers who will install the mining and crushing equipment, the total cost of which will approximate \$456,760. The balance due will be carried as an account due, and regular payments will be made from the proceeds of the sale of additional securities as they accrue, and from proceeds of the business which are expected to commence within 6 to 8 months after raising of a minimum of \$250,000. When sufficient funds are received from the sales of securities and of stone produced, the asphalt plant will be installed at a cost of \$114,000. Other miscellaneous expenditures are estimated at \$90,000 and working capital \$40,000.

James H. Jenkins, Jr. of Leesburg, is named president. The company's property was acquired from Jenkins for \$30,000, payable at the rate of \$3,000 per year for 10 years, at 5% interest. Of the 511,000 outstanding common shares, 1¢ par, 300,000 were acquired by Jenkins and 200,000 by Wm. M. Boyle, Jr., of Washington, Executive Vice President and Treasurer, at the par value thereof.

Investment Company Act Release No. 2449

National Aviation Corporation, New York investment company, has applied to the SEC for an exemption order permitting it to purchase not exceeding 25,000 shares of the \$1 par Common Stock of Northeast Airlines, Inc.; and the Commission has issued an order giving interested persons until December 10, 1956, to request a hearing thereon.

As previously indicated (11/21/56), Northeast Airlines proposes to make a public offering of 750,000 shares of its common stock. One of the underwriters is to be the firm of Paine, Webber, Jackson & Curtis. One of the partners of that firm, Stuart R. Reed, is a director of National Aviation. Because of such affiliation, the latter's purchase of Northeast Airlines stock during the public distribution thereof is prohibited by the Investment Company Act unless an exemption order is issued by the Commission. National Aviation states that its purchase of Northeast Airlines stock would be made from underwriters other than Paine, Webber, Jackson & Curtis.

Securities Exchange Act Release No. 5411

The Securities and Exchange Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer

registration of The Lawrence & Murray Co., Inc., of New York City, or whether, if a pending request for withdrawal of registration is to be granted, any terms and conditions should be imposed upon such withdrawal.

According to the Commission's order authorizing the proceedings, Lawrence & Murray Co. and Murray Ramoy, its president and a director, were permanently enjoined on October 5, 1956, by order of the United States District Court for the Southern District of New York from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities.

At a hearing scheduled for December 20, 1956, in the Commission's New York Regional Office, inquiry will be conducted into the question whether it is in the public interest to revoke the broker-dealer registration of Lawrence & Murray Co. or whether, if withdrawal of registration is to be permitted, as requested under date of November 1, 1956, it is necessary in the public interest or for the protection of investors to impose terms and conditions upon such withdrawal.

Securities Act Release No. 3724

The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities by Borianna Lease, Kingman, Arizona. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Borianna Lease, a limited partnership, filed its Regulation A notification on April 20, 1953, proposing the public offering of 300 income notes at \$100 per unit. According to the Commission's suspension order, there is "reasonable cause to believe that the offering, if continued, would act as a fraud or deceit upon purchasers" in that material changes have occurred in the affairs of the firm which are not reflected in its Notification, to wit: A. One of the general partners, Dan E. Harper, has retired from the partnership; and B. The company has lost its principal asset, its mining lease.

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