

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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## EQUITY FUND SEEKS EXEMPTION FOR ADVISER CONTRACTS

Equity Fund, Inc., Seattle, Wash., investment company, has applied to the S. E. C. for an exemption order under the Investment Company Act to the extent that Section 15 (a) thereof requires stockholder approval of investment advisory contracts; and the Commission has issued an order (Release 40-2834) giving interested persons until March 10, 1959, to request a hearing thereon. The requested exemption is to be effective retroactively from August 12, 1958, until the February 24, 1959 meeting of stockholders ( or any adjournment thereof).

According to the application, Pacific Northwest Company has been furnishing Equity Fund with investment management services pursuant to written contracts. It is a wholly-owned subsidiary of United Pacific Corporation. On August 12, 1958, Ben B. Ehrlichman sold 14,061 shares of United Pacific common (of 21,500 shares outstanding ) to a group of persons all of whom were then, and now are, directors of United Pacific at a price of \$42.50 per share, which was substantially less than the book value of such shares at the time. The purchasers were Norton Clapp, D.K. MacDonald, Nat S. Rogers, and William S. Street. This presents the question whether the transfer by Ehrlichman of the controlling block of United Pacific common constituted an "assignment" of the advisory contract. Under the Act, any such assignment automatically terminates the contract. In view of the question, Equity Fund has decided to submit the contract to shareholders for their approval at the February 24th meeting.

## TWO FUNDS SEEK REGISTRATION OF ADDITIONAL SECURITIES

Eaton & Howard Stock Fund (File 2-11391), Boston, and Rittenhouse Fund (File 2-13215), of Philadelphia, have ~~filed~~ <sup>filed</sup> amendments to their respective Securities Act registration statements, seeking registration of additional securities, as follows: Eaton & Howard, 2,000,000 trust shares; and Rittenhouse, 60,000 participating units.

## HEARING ON TAX ACCOUNTING PROPOSAL POSTPONED

The Securities and Exchange Commission today announced (Release 33-4038) that, at the request of interested persons, it has postponed from March 25 to April 8, 1959, at 10:00 A.M., the public hearing upon the Commission's proposal to issue an interpretation of its administrative policy on financial statements regarding balance sheet treatment of the accumulated credit arising from the recognition in such statements of the deferral to future periods of current reductions in income taxes. The due date for filing written views and comments has been extended to March 25, 1959. (For details of proposal, see Release 33-4010).

## SEC OPPOSES SELECTED INVESTMENTS TRUST FUND PLAN

The Securities and Exchange Commission today announced the filing of objections with the U.S. District Court in Oklahoma City to Court approval of a proposed plan for the re-organization of Selected Investments Trust Fund, of Oklahoma City. In urging disapproval of the plan filed by the Win. Franklin Investors Committee, the Commission stated: "Upon the basis of the limited information available., it appears that the Plan proposed by the Committee is

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unfair to Creditors and raises substantial questions as to its feasibility."

Under the plan, the debtor would transfer some \$10,000,000 of assets to a "New Corporation" (one of its subsidiaries), which would engage in the general loan and finance business. Creditors (certificate holders) would receive \$5,000,000 of preferred stock of the New Corporation, plus \$5,000,000 in cash to be borrowed by it. Additional capital would be provided the New Corporation through the sale of \$500,000 of common stock. The debtor's other assets would be liquidated and the net proceeds thereof distributed to creditors, after deduction of reorganization expenses.

On the question of fairness, the Commission pointed out that the certificate holders would be entitled to elect only four directors for their \$5,000,000 investment, whereas purchasers of the \$500,000 of common stock would elect five directors; and they would be entitled to elect no more than four directors even though a default in dividend payments occurred. In addition, the conversion feature of the new preferred appears illusory. Moreover, the fairness of a 5% or 6% return on the preferred also was questioned by the Commission, particularly in light of the potential profits which might accrue to purchasers of the \$500,000 of common stock, as was the appropriateness of borrowing \$5,000,000 when the debtor has cash on hand and portfolio securities substantially exceeding that amount.

The Commission also questioned the feasibility of the plan. In view of the absence of information as to the particular assets of the debtor to be transferred to the New Corporation, it is not possible to estimate operating costs and profits, which bear on the question of feasibility. Furthermore, no evidence has been offered as to the availability of the \$5,000,000 of proposed borrowings; the identity and financial responsibility of the persons who are to advance the \$500,000 of new equity capital have not been disclosed; and there is no indication as to the identity of the competent management which according to the plan has been assured.

For these and other reasons, the Commission recommends that further hearings be deferred; that an opportunity be afforded other interested parties to propose plans of reorganization and that a hearing be ordered at a later date to consider all plans submitted. "Any incidental delay is necessary," the Commission observed, "and would be in the best interests of the creditors of the Debtor."

#### MIAMI WINDOW FILES FINANCING PROPOSAL

Miami Window Corporation, 950 S.E. 12th St., Hialeah, Fla, today filed a registration statement (File 2-14766 with the S. E. C. seeking registration of \$3,500,000 of Fifteen Year 6½% Sinking Fund Debentures (with attached Warrants), and 150,000 shares of 70¢ Cumulative Convertible Preferred Stock, \$8 par. The debentures (with warrants) are to be offered for sale at 100% of principal amount, with a 9-3/4% underwriting commission, and the preferred stock at \$10 per share, with a \$1.20 per share underwriting commission. Cruttenden, Podesta & Co. and Clayton Securities Corporation are listed as the principal underwriters. The warrants attached to the debentures entitle the holders to purchase 700,000 common shares.

Miami Window and its subsidiaries are engaged in the business of producing or manufacturing and selling aluminum-frame awning type windows and related equipment, aluminum and zinc die castings, aluminum billets and extrusions, aluminum window and jalousie hardware, stainless steel kitchen equipment, wrought aluminum furniture, and miscellaneous products and services, and in the erection of curtain walls and other products. It also owns a 1/3 interest in a Panama company of the same name which manufactures and sells aluminum-frame windows and jalousies and acts as a distributor of the issuer's products in Central America.

Of the net proceeds of this financing, some \$2,931,638 is to be paid to James Talcott, Inc., for various loans and advancements; \$750,000 for the payment of accounts payable, including \$600,000 to Robert Russell Metals, Inc., for payment by the latter of accounts payable or notes payable on accounts; \$120,000 to Robert Russell to acquire a remaining 20% interest in Robert Russell Metals, Inc., and the balance for general corporate purposes.

## TEXAS CO. FILES EMPLOYEES PLAN

The Texas Company, New York, filed a registration statement (File 2-14771) with the SEC on February 25, 1959, seeking registration of \$18,500,000 of Participations in its Employees Savings Plan, together with 238,325 shares of its capital stock which may be acquired pursuant to the plan.

## OHIO EDISON PROPOSED BOND OFFERING

Ohio Edison Company, 47 North Main St., Akron, Ohio, today filed a registration statement (File 2-14772) with the SEC seeking registration of \$30,000,000 of First Mortgage Bonds, Series due 1989, to be offered for public sale at competitive bidding. Net proceeds of the bond sale will be used for property additions and improvements, or for the discharge of its obligations, or for the reimbursement of its treasury for expenditures made for such purposes. The company estimates its 1959 construction expenditures at \$55,500,000 and that of its subsidiary, Pennsylvania Power Company, at \$3,950,000.

## HAMILTON OIL STOP ORDER HEARING POSTPONED

The SEC has authorized a further postponement from February 26 to March 4, 1959, of the hearing in the proceedings under the Securities Act of 1933 to determine whether the registration statement filed by Hamilton Oil & Gas Corporation, of Denver, Colo., complies with the Securities Act disclosure requirements and, if not, whether a stop order should be issued suspending its effectiveness. The postponement was authorized in order to provide further opportunity for counsel to negotiate a stipulation of the facts which might obviate the necessity for an evidentiary hearing.

## TEXAS EASTERN TRANSMISSION PROPOSES PREFERRED STOCK OFFERING

Texas Eastern Transmission Corporation, Memorial Professional Bldg., Houston, Texas, today filed a registration statement (File 2-14773) with the SEC seeking registration of 150,000 shares of Preferred Stock, \$100 par, to be offered for public sale through an underwriting group headed by Dillon, Read & Co., Inc. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the preferred stock sale will be used in connection with the company's construction program, involving estimated expenditures of \$63,000,000 in 1959.

