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 July 29, 1958

OFFERINGS BY RESEARCH MUTUAL AND UNITED DRIVE-IN THEATRES SUSPENDED

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

Research Mutual Corporation, 50 Broad St., New York City
In its Regulation A notification, filed May 17, 1956, Research Mutual proposed the public offering of 150,000 common shares at $1.50 per share

United Drive-In Theatres Corp., 215 E. 149th St., New York City
The Regulation A notification filed January 16, 1956, by United proposed the public offering of 250,000 common shares at $1 per share.

In its order with respect to Research Mutual, the Commission asserts (1) that the issuing company failed to file the required semi-annual reports of stock sales and (2) that L. J. Mack & Company, Inc., of New York, the underwriter, was permanently enjoined by a March 20, 1958, decree of the Supreme Court of the State of New York from engaging in the purchase and sale of securities in New York as a result of its activities in the sale of Research Mutual stock.

The suspension order with respect to United asserts that false representations were made in connection with its sale of stock and that the offering "would and did operate as a fraud and deceit upon the purchasers." The misrepresentations related to the payment of dividends, the status of the issuer's business, and the reputable nature of the underwriter's activities by reason of being subject to Commission jurisdiction. Furthermore, according to the order, L. J. Mack and Company, Inc., the underwriter, was enjoined by order of the Supreme Court of the State of New York (see above); and the terms and conditions of Regulation A were not complied with by reason of the use of written communications in connection with the offering which had not been filed with the Commission.

The orders provide an opportunity for hearing, upon request, on the question whether the suspensions should be vacated or made permanent.

INTER-CANADIAN PURCHASE OF NORTHWESTERN FIRE AND MARINE STOCK CLEARED

The SEC today announced the issuance of a decision granting an application of Inter-Canadian Corporation, Minneapolis, Minn., investment company, for an order of exemption under the Investment Company Act permitting its acquisition of capital stock of Northwestern Fire and Marine Insurance Company, also of Minneapolis as a preliminary step looking toward the acquisition by Inter-Canadian of Northwestern's portfolio assets and the liquidation of Northwestern.

Under the proposal, Inter-Canadian will purchase from all stockholders of Northwestern, at per share, all stock of Northwestern tendered to it, subject to the condition, among others, that shares would be deposited which, together with the 1,005 now held by Inter-Canadian, would

OVER

aggregate 66-2/3% of the 125,000 outstanding shares of Northwestern stock. Such stock is now held by approximately 500 persons, including 19,800 shares held by Hartford Fire Insurance Company which since 1915 has conducted and managed Northwestern's entire insurance business.

Under a contract between Inter-Canadian and Hartford, the latter has agreed to tender its 19,800 shares for purchase by Inter-Canadian and to give notice of termination of its contracts with Northwestern relating to its management and operation of Northwestern and reinsurance agreements between the two companies, effective January 1, 1959. Hartford also has agreed to assume all liabilities of Northwestern in any way connected with its insurance business upon payment by Northwestern to Hartford of an amount equal to 65% of Northwestern's unearned premium reserve.

The Inter-Canadian offer has been accepted by holders of sufficient Northwestern stock to give it 103,929 shares, or approximately 83%, of the outstanding Northwestern stock. The Commission's exemption order permits the purchase of 12,537 shares from an officer and certain directors of Inter-Canadian acquired by them in anticipation of the latter's offer. They will be paid their cost of $41 per share plus interest on funds borrowed to effect their purchases. Also exempted are temporary bank borrowings by Inter-Canadian of up to $3,200,000 to provide the necessary additional funds for the purchase.

Certain stockholders of Northwestern were represented at the Commission's hearing in opposition to the granting of Inter-Canadian's exemption application. They contended that the acquisition of Northwestern stock by Inter-Canadian for the announced purpose of causing its liquidation is against public interest and is against the policy of the Investment Company Act, and that disclosures of the liquidation value of Northwestern stock should have been made in connection with Inter-Canadian's purchase offer. These and other contentions were rejected, the Commission ruling that the stockholders "failed to support their contention that the liquidation of Northwestern is against the public interest, nor are we aware that the discontinuance by a company of its insurance business is against any established public policy." These stockholders also had offered to acquire Northwestern stock at $45 per share, subject to the condition that shares tendered, together with those held or otherwise acquired, would represent 51% of the outstanding shares of Northwestern. The Commission noted in this connection that their undertakings, plus an unwritten bank commitment to help finance the stock purchase, fell short of the amount which would be required if all 125,000 shares were tendered and even of the amount required if the 102,924 shares tendered or optioned to Inter-Canadian had been tendered under the $45 offer.

APACHE OIL PROPOSES RIGHTS OFFERING

Apache Oil Corporation, Minneapolis Minn., filed a registration statement (File 2-14269) with the SEC on July 28, 1958, seeking registration of 94,766 shares of its $2.50 par Common Sto... The company proposes to offer this stock to holders of its outstanding stock at the rate of 1 additional share for each 4 shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. Piper, Jaffray & Hopwood of Minneapolis is listed as the principal underwriter.

Apache Oil is principally engaged, either directly or through subsidiaries, in acting for investors in oil and gas drilling programs which it organized and manages and for which it selects and acquired leases and provides geological, engineering, financial and other services. Net proceeds of this stock offering will initially be added to the working capital of the company. Apache Oil desires to increase its producing oil and gas reserves, and it is anticipated that the bulk of the net proceeds of this offering will from time to time be used for the purchase of producing properties.

DIVERSIFIED INVESTMENT AUTHORIZED TO ACQUIRE BOSTON EDISON STOCK

The SEC has issued an exemption order under the Investment Company Act permitting Diversified Investment Fund, Inc., New York investment company, to purchase not to exceed 5,000 shares of the 4-7/8% Cumulative Preferred Stock of Boston Edison Company. This is part of a public offering of 250,000 preferred shares by Boston Edison. Because a director of the Fund is a partner of one of

Continued

the underwriters, the purchase of the stock during the existence of the underwriting syndicate is prohibited by the Act unless an exemption is granted by the Commission

LORD ELGIN HOTEL PROPOSES OFFERING

Lord Elgin Hotel Company, New York City, today filed a registration statement (File 2-14270) with the SEC seeking registration of $1,655,000 Limited Partnership Interests in the Hotel Company. The interests are to be offered for sale at $5,000 per unit, with a $250 commission to the underwriter, Tenney Associates, Inc., of New York.

The Hotel Company is a limited partnership organized in July, 1958, with Louis S. Adler, Alexander Feld and Jonas Newman as its General Partners and Charles N. Bernstein as a Limited Partner. The partnership proposes to purchase the 366-room hotel building known as the Lord Elgin Hotel, in Ottowa, Canada, together with its furniture, furnishings and equipment, the ground lease and fee title to contiguous land. The purchase price of $4,735,000 in Canadian and U. S. funds are to be represented as follows: $720,000 in Canadian funds and $1,570,000 in U. S. Dollars in cash and the balance of $2,445,000 Canadian funds being represented by existing mortgages on the hotel property of $845,000 Canadian funds and a new 25 year purchase money second mortgage trust deed of $1,600,000 Canadian funds. At the closing, the existing mortgages of $845,000 will be replaced by a new 25 year purchase money second mortgage trust deed of $1,600,000 Canadian funds. Of the increase of $755,000 resulting from this refinancing, $720,000 will be used to cover the cash in Canadian funds payable as part of the purchase price and the remaining $35,000 will be available for pre-payment charges, brokerage commissions, and other expenses. Title will be held by the partnership. The seller, Lord Elgin Hotel Limited, will take back a net lease on the property for 81 years. The property will be managed by National Management Ltd.

PILLSBURY MILLS PROPOSES STOCK OFFERING

Pillsbury Mills, Inc., Minneapolis, Minn., today filed a registration statement (File 2-14271) with the SEC seeking registration of 100,000 shares of its $25 par Common Stock, to be offered for public sale through a group of underwriters headed by Goldman, Sachs & Co. and Piper, Jaffray & Hopwood. The initial public offering price will be a price related to the current market for the outstanding shares at the time of the offering. Underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the stock will initially be added to the general funds of the company and will be used for capital expenditures, working capital and other corporate purposes. Capital expenditures aggregated $4.8 million during the fiscal year ended May 31, 1958, and are estimated at $7 million for the present fiscal year and in excess of $6 million for the following fiscal year.

* * * * *

United Funds, Inc., Kansas City, Mo. investment company, filed an amendment on July 28, 1958 to its registration statement (File 2-11527) seeking registration of an additional $15,000,000 of Periodic Investment Plans without insurance and an indeterminate number of the underlying shares of United Accumulative Fund and $2,500,000 of Periodic Investment Plans with insurance and an indeterminate number of the underlying shares of United Accumulative Fund.

---oooOooo---