

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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"THIRD MARKET" REPORTING RULE PROPOSED. The SEC today announced a proposed Rule 17a-9 under the Securities Exchange Act (Release 34-7360) providing for the reporting by broker-dealer firms of certain information concerning over-the-counter trading of common stocks traded on the New York Stock Exchange; and it invited the submission of views and comments thereon not later than August 14, 1964.

The Report of the Special Study of Securities Markets describes a striking increase in the volume of off-board trading in common stocks traded on the New York Stock Exchange (NYSE) and other national securities exchanges in recent years. But the Study found "an acute lack of data" concerning this trading, which it described as the "third market." The Study recommended correction of this deficiency by establishment of a system for the identification of market makers and for reporting information concerning trading in this market. The proposed rule and reporting forms are designed to enable the Commission to obtain information on the third market on a continuous basis and thus keep abreast of any regulatory problems which may develop therein. The rule would obtain two basic types of information: (1) an identification of broker-dealers making off-board markets in common stocks traded on any national securities exchange; and (2) summaries of over-the-counter trading in common stocks traded on the NYSE.

Under the proposed rule, "market makers" in listed stocks would be required to file an initial report showing that he is a market maker for a particular stock or stocks. For NYSE stocks, a market maker would file a quarterly report showing the total dollar volume, total share volume, and share volume by individual stocks of over-the-counter transactions in which the market maker sold as principal, purchased as agent or sold as agent. The report also would provide information on trading by the market maker as principal, both purchases and sales, effected on an exchange, as well as information on off-board trading in NYSE stocks in which they do not make a market. In addition, any broker-dealer not a market maker in NYSE stocks who effects an off-board transaction involving 500 shares or more between two public customers without the participation of another firm would be required to file a report on such transaction.

All such reports filed with the Commission "shall be deemed confidential, except that they shall be available for official use by any official or employee of the United States or any State and shall also be available to any other person to whom the Commission authorizes disclosure of such information as being in the public interest.

AXE-HOUGHTON FUND, ET AL ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-4010) with respect to the proposed acquisition of notes and warrants to purchase common stock of Helio Aircraft Corporation by Axe-Houghton Fund A, Inc., Axe-Houghton Fund B, Inc., and Axe Science Corp. (affiliated New York open-end, diversified investment companies). Fund A presently owns 10,000 shares of Helio's 430,555 outstanding common shares, Fund B owns 10,000 shares, and Axe Science owns 50,000 shares. They propose to acquire an aggregate of \$500,000 principal amount of Helio's 6% notes, due 1969, and warrants to purchase 100,000 shares of its common stock. The \$500,000 proceeds will be used by Helio to expand its operations for the production of a newly developed turbine powered aircraft.

WHITESTONE 1963 PROGRAM CORP. SEEKS EXEMPTION. Whitestone 1963 Program Corporation, of 20 Broad St., New York City, has made application to the SEC pursuant to the provisions of the Securities Exchange Act of 1934, for exemption from the periodic reporting requirements of that Act; and the Commission has issued an order giving interested persons until August 15, 1964, to request a hearing thereon. According to the application, there are 38 individual participants in the 1963 Whitestone program, with participations aggregating \$2,788,500, and the company has withdrawn from registration the unsold program participations. All of the outstanding common shares of the corporation is owned by Whitestone Petroleum Corp.

WHITNEY CORP. FILES FINANCING PROPOSAL. Whitney Corporation, 300 Lincoln Bldg., Lincoln, Nebr., filed a registration statement (File 2-22590) with the SEC on July 6 seeking registration of \$750,000 of 5½% collateral notes (due 1979), to be offered for public sale at 100% of principal amount, and 75,000 shares of common stock, to be offered at \$10 per share. The offering is to be made through the First Nebraska Securities Corp., 1001 "O" St., Lincoln, Nebr., which will receive a commission of 4% on the notes and 80¢ per share.

The company was organized under Nebraska law in May 1964 for the purpose of acquiring 98% of the ownership of the Whitney Loan & Trust Company (an Iowa general commercial banking business) and it does not intend to engage in any business other than the ownership and management of the bank. Of the net proceeds from its sale of securities, approximately \$1,310,000 will be applied to the payment of short-term borrowings incurred to invest in the bank, and the balance will be added to general funds. In addition to indebtedness, the company has outstanding 7,500 shares of common stock, representing a cash consideration of \$18,750 or \$2.50 per share. Allen L. Tinstman (secretary) owns 44.6% of the outstanding stock. Gene H. Tallman is president. According to the prospectus, on March 14, 1964 Tinstman acquired from Walnut Grove Products Co., Inc., Atlantic, Iowa, 1435 shares of the 1500 issued and outstanding common shares of the bank, together with the option to purchase at \$100 per share an additional 45 shares representing directors' qualifying shares, at a total cost of \$1,294,495. On May 29, 1964 such shares and options were purchased by the company from Tinstman at his cost plus expenses of purchase of \$8,821. The prospectus further states that stockholders of the underwriter own through a partnership 3,350 common shares of the company which were acquired on May 27, 1964 at an aggregate cost of \$8,375.

OVER

KY. JOCKEY CLUB PROPOSES OFFERING. The Kentucky Jockey Club, Incorporated, Florence, Ky., filed a registration statement (File 2-22592) with the SEC on July 6 seeking registration of 80,000 shares of common stock, to be offered for public sale at \$10 per share. Of this stock, 50,000 shares are to be reserved for 45 days from the effective date of the registration statement for subscription at \$10 per share by former stockholders and creditors of the company not "affected" by the plan for reorganization of the company approved by Federal court order on December 9, 1963. Frank C. Bishop, president, is underwriting the offering, and the company will issue to him or his nominees an additional 12,000 common shares as full compensation therefor; and these shares also are to be offered for public sale at \$10 per share. R. C. Crisler & Co., Inc., Fifth Third Bank Bldg., Cincinnati, will act as selling agent for Bishop.

Organized under Kentucky laws in 1956, the company conducted thoroughbred horse racing meetings, with pari-mutuel wagering, at a racing plant known as "Latonia Race Course." However, in 1959 it filed for reorganization under the Federal Bankruptcy Act, and from that time until January 1964 its facilities were leased to Latonia Operating Company. Pursuant to a Plan of Reorganization, the company resumed operation in January. Of the net proceeds from this stock offering, \$54,133 will be used for payment of taxes and liens allowed in the reorganization proceedings; about \$200,000 for expenses of administration and such other allowances as may be made by the court by reason of the reorganization proceedings; approximately \$300,000 for property additions and improvements; and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 50,000 shares of common stock, which were issued under the plan of reorganization to Bishop and another holder of the debtor's second mortgage notes in the amount of \$500,000, on which accrued and unpaid interest amounted to \$229,167.

UNLISTED TRADING GRANTED. The SEC has issued an order granting an application of the Pacific Coast Stock Exchange for unlisted trading privileges in the common stock of Ingersoll-Rand Company (Release 34-7364).

UNLISTED TRADING SOUGHT. The SEC has issued orders giving interested persons until July 23d to request a hearing upon applications of the Boston Stock Exchange for unlisted trading privileges in the common stocks of Occidental Petroleum Corp., Communications Satellite Corp., and Commonwealth Oil Refining Company, Inc. (Release 34-7364).

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. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the July 1 News Digest.

Executone, Inc May 1964 (11)
 Lakeside Ind, Inc May 1964 (11)
 American Enka Corp June 1964 (12,13)
 Vernors, Inc Feb. 1964 (11,13)
 W. T. Grant Co June 1964 (12)
 Owens-Illinois Glass Co May 1964 (8)
 Western Reserve Life Assurance Co of Ohio
 April 1964 (11)
 W. R. Grace & Co May 1964 (7,11,13)
 Hayden Publishing Co, Inc March 1964
 (11)
 Hooker Chemical Corp May 1964 (4,7,13)
 W. A. Sheaffer Pen Co June 1964 (11)
 Dico-Wayne Corp March 1964 (7)
 Cott Corp Amend #1 to 8K for April
 1964 (12)
 Schick Electric Inc Amend #1 to 8K for
 April 1964 (11)
 Reserve Oil & Gas Co Amend #1 to 8K for
 Sept. 1963 (2)
 Soss Mfg. Co Amend #1 to 8K for March
 1964 (4,7)
 Standard Thomson Corp Amend #1 to 8K for
 March 1964 (4)

SECURITIES ACT REGISTRATIONS. Effective July 6: Chrysler Corp. (File 2-22464).
 Effective July 7: Buffums' (File 2-22498); Fabri-Tek Incorporated (File 2-22481); Jade Oil & Gas Co. (File 2-21828); The Montana Power Co. (File 2-22415); Trans World Airlines, Inc. (File Nos. 2-22469 and 2-22470).
 Effective July 8: American Bakeries Co. (File 2-22561); Nationwide Corp. (File 2-22501); J. C. Penney Credit Corp. (File 2-22528).