

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

For ordering full text of Releases from Publications Unit, cite number)

Issue No. 64-7-8)

FOR RELEASE July 14, 1964

UTAH POWER FILES FINANCING PROPOSAL. Utah Power & Light Company, Salt Lake City, has filed a proposal with the SEC under the Holding Company Act for the public offering, at competitive bidding, of \$15,000,000 of first mortgage bonds due 1994 and 200,000 shares of \$25 par preferred stock, Series C; and the Commission has issued an order (Release 35-15104) giving interested persons until August 6th to request a hearing thereon. Most of the proceeds of this financing will be used to retire bank borrowings of some \$18,000,000 incurred for construction purposes; and the balance, together with cash generated from internal sources, will be applied toward the company's construction program, estimated at \$16,400,000 for 1964 and \$12,400,000 for 1965.

NEW JERSEY POWER OFFERING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-15103) authorizing New Jersey Power & Light Company (Morristown) to issue and sell, at competitive bidding, \$6,000,000 of debentures due 1989. Net proceeds thereof, together with a \$3,000,000 cash contribution by the company's parent, General Public Utilities Corporation, will be used to finance construction expenditures estimated at \$7,830,000 for 1964) and to pay bank notes issued in connection therewith (of which \$5,820,000 were outstanding on March 31st).

SEC COMPLAINT NAMES MIDLAND SECURITY (S.DAK.). The SEC Denver Regional Office announced July 9th (LR-3983) the filing of a complaint in Federal court (USDC Sioux Falls, S. Dak.) seeking to enjoin Midland Security, Inc., and Donald P. Sandidge, its president, both of Sioux Falls, from violating rules of the Commission regarding net capital requirements and prompt transmission of funds received in underwriting. The Commission also seeks appointment of a receiver of the assets of the firm.

GENERAL TELEPHONE FILES STOCK PLANS. General Telephone & Electronics Corporation, 730 Third Ave., New York, filed a registration statement (File 2-22599) with the SEC on July 10 seeking registration of 102,795 shares of common stock, to be offered under its Stock Option Plans for Executives and Key Employees, and its Employees' Restricted Stock Option Plan.

MUTUAL FUND ADVERTISING RULES CLARIFIED. The SEC today made public an opinion of counsel with respect to the scope of information permitted to be included in "tombstone" advertisements of mutual fund companies (Release 33-4709). In discussing a proposal which sought to expand the scope of such information in "tombstone" advertisements of certain mutual funds which charge no sales load and do not utilize salesmen in the distribution of their securities, the Chief Counsel of the Division of Corporation Finance undertook to clarify the provisions of Section 2(10)(b) of the Securities Act of 1933 and SEC Rules 134 -- which, he indicated, "must be interpreted to prevent the inclusion in tombstone advertising of language intended to present a selling argument as opposed to the clear identification of an offering. (In a 1955 announcement with respect to Rule 134, the Commission had made it clear that "such communications are intended to be limited to announcements identifying the existence of a public offering and the availability of a prospectus and they are not to be selling literature of any kind." (Italics supplied)

However, it was indicated that certain items of the proposal are permissible under Rule 134 as presently in effect, including a general indication of the type of the fund, the type of its portfolio and the manner in which its securities are offered to the public. Specific examples of statements or information which may or may not be included in tombstone advertisements are cited in the opinion.

MUTUAL INCOME FUND PROPOSES OFFERING. Mutual Income Fund, Inc., 423 Texas National Bank Bldg., Houston, filed a registration statement (File 2-22600) with the SEC on July 13 seeking registration of \$5,000,000 of common stock, to be offered for public sale at net asset value plus a maximum sales commission of 8.5%. The principal underwriter of the offering is Texas Fund Management Company (of the Houston address), which also acts as the Fund's investment adviser and manager.

Organized under Texas law in May 1964, the Fund is an open-end diversified management investment company and "seeks for its shareholders as high a current income as is consistent with reasonable risk and preservation of capital. Long term growth of capital is a secondary objective." Shareholders of the Fund may exchange all or a part of their shares for shares of Texas Fund, Inc., or Mutual Industries Fund, Inc. (either of whose shares may be similarly exchanged for shares of Mutual Income Fund, Inc.), at respective net asset values. Texas Fund, Inc., is an open-end investment company organized in 1949 under Delaware law, and Mutual Industries is an open-end investment company organized in 1964 as a Texas corporation. They are also managed by Texas Fund Management Company. Clive Runnells, Jr., is president of the three Funds and of the management company.

WORTHINGTON CORP. FILES STOCK PLANS. Worthington Corporation, 401 Worthington Ave., Harrison, N. J., filed a registration statement (File 2-22602) with the SEC on July 13 seeking registration of 99,250 shares of common stock, to be offered under its Incentive Stock Option Plans.

OVER

COLUMBIA GAS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15105) approving the proposed purchase by Atlantic Seaboard Corporation, of Charleston, W. Va., (a subsidiary of The Columbia Gas System, Inc.), of certain properties from certain nonaffiliates, including Hope Natural Gas Company (a subsidiary of Consolidated Natural Gas Company). Seaboard proposes to acquire certain interests in real estate which they propose to sell, and which Seaboard proposes to acquire, in connection with the construction and operation by Seaboard of an underground reservoir for the storage of natural gas for an aggregate \$8,528,070. Seaboard will expend \$10,862,000 to activate underground storage facilities thereon and to purchase cushion gas. To finance the purchase and activation of the facilities through 1964, Seaboard intends to issue and sell to Columbia 72,000 shares of its common stock for an aggregate of \$1,800,000 and unsecured installment promissory notes totaling \$7,100,000.

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.

Associated Mortgage Companies, Inc
April 1964 (12)
Baifield Ind, Inc
Formerly: Missile Systems Corp
May 1964 (11,13)
Communications Satellite Corp, June 6h,
(7,13)

SPEAR & STAFF SETTLEMENT OFFER ACCEPTED. The SEC today announced the issuance of an order under the Investment Advisers Act (Release IA-174) accepting an offer proposed by Spear & Staff, Inc., and its president, Rogert E. Spear, of Wellesley Hills, Mass., for the settlement of administrative proceedings against the two respondents under that Act. Under the offer, the respondents agree, among other things, to suspend all advertising and solicitation for the acquisition of new subscribers for a 90-day period, July 15 to October 12, 1964.

The proceedings were based upon staff charges that the respondents violated the Commission's "advertising" rules under the Investment Advisers Act by distributing and publishing advertisements which were false and misleading and of a "flamboyant and lurid" nature. In their offer of settlement, the respondents waived a hearing; agreed (without any admissions or denials) that the Commission might find that they violated the said rules, as charged; and waived any rights to judicial review. In addition to the 90-day suspension of advertising and solicitation for the acquisition of new subscribers, they also undertook to review and revise all advertising material to conform to the rules of the Commission, as well as to establish such controls as will prevent any future violations thereof.

The Commission entered an order accepting the settlement offer and finding that the respondents violated its advertising rules. Its definitive findings and opinion will be issued later.

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended July 9, 1964, 9 registration statements were filed, 22 became effective, 2 were withdrawn, and 266 were pending at the week-end.

SECURITIES ACT REGISTRATIONS. Effective July 10: Brockton Taunton Gas Co. (File 2-22509); The Marquardt Corp. (File 2-22536); Northern States Power Co. (Minn) (File 2-22476); Geo. D. Roper Corp. (File 2-22516).

Effective July 13: Channing International Growth Fund, Inc. (File 2-22323); Colonial Acceptance Corp. (File 2-22488); The Eagle-Picher Co. (File 2-22465); The International Silver Co. (File 2-22547); New Jersey Power & Light Co. (File 2-22480); Perpetual Security Life Insurance Co. (File 2-22239); Province of Santa Fe, Republic of Argentina (File 2-21958).

Effective July 14: Olson Construction Co. (File 2-22524); Rayette, Inc. (File 2-22541); Republic Steel Corp. (File 2-22522).

Withdrawn July 13: IMC Industries, Inc. (File 2-22342).

---ooo0ooo---