

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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FOR RELEASE August 21, 1964

COHEN SUCCEEDS CARY AS SEC CHAIRMAN. Manuel F. Cohen assumed his duties as Chairman of the Securities and Exchange Commission on August 20, 1964. He succeeded William L. Cary, whose resignation as a Member and Chairman of the Commission became effective that date. Chairman Cohen took the oath of office at White House ceremonies on August 20th immediately following the signing by President Johnson of S. 1642, the Securities Acts Amendments of 1964. This amendment of the Federal securities laws provides, among other things, for an extension of the periodic reporting, proxy and insider trading rules now applicable to those companies whose securities are listed on national securities exchanges, to some 2900 industrial companies whose securities are traded in the over-the-counter markets. About 1600 of these companies now file periodic reports but are not subject to the insider trading and proxy rules. In addition, these provisions of the law will apply to approximately 600 banks and 400 insurance companies; but they will report to and be subject to the supervision, respectively, of the Federal bank supervisory agencies and state insurance commissioners. A statement with respect to the application of the new law to issuing companies and broker-dealer firms and its implementation by the Commission will be announced shortly.

UNLISTED TRADING RULE ADOPTED. The SEC today announced the adoption of a new Rule 12f-7 under the Securities Exchange Act, as amended by the newly-enacted Securities Acts Amendments of 1964. The rule applies to unlisted trading privileges on national securities exchanges. Under Section 12(f) of the Act, unlisted trading privileges may be extended by an exchange, upon application to and approval by the Commission, in any security "duly listed and registered on any other national securities exchange." The new Amendments Act continues unlisted trading privileges for securities admitted to such privileges prior to July 1, 1964, but not to securities so admitted after that date. Rule 12f-7 permits the continuation of unlisted trading privileges from July 1st until 30 days after enactment of the Act (or until September 21st), during which time exchanges may file new applications for such privileges pursuant to Section 12(f) of the Act, as amended. (Note: Since July 1st, unlisted trading privileges have been extended to securities of five companies pursuant to applications of three exchanges.)

NEES RECEIVES SUPPLEMENTAL ORDER. The SEC has issued a supplemental order under the Holding Company Act (Release 35-15115) approving certain modifications to authority previously granted New England Electric System, Boston registered holding company, to extend its credit in respect to an Agreement and Lease between John Hancock Mutual Life Insurance Company and New England Power Service Company, a subsidiary service company of NEES. Such Agreement relates to land in Westborough, Mass., to be purchased by Hancock from another subsidiary of NEES and improvements to be constructed thereon with funds to be advanced by Hancock. NEES states that construction costs exceed by approximately 5% the original estimated maximum cost. Authorization is granted to modify the Agreement to provide that, among other things, \$6,300,000 (instead of \$6,000,000) is the maximum basic cost to Hancock and \$585,000 (instead of \$566,000) and \$345,000 (instead of \$333,000) are, respectively, the maximum annual rental payments to be made by New England Power during the initial 35-year term of the Agreement and during the three 5-year optional renewal periods.

DELAWARE PAL SEKS ORDER. Delaware Power & Light Company, 600 Market St., Wilmington, Del., has filed a proposal with the SEC under the Holding Company Act for the public offering, at competitive bidding, of \$25,000,000 of first mortgage and collateral trust bonds due 1994; and the Commission has issued an order (Release 35-15116) giving interested persons until September 14 to request a hearing thereon. According to the application, net proceeds from the bond sale will be applied toward the company's construction program (estimated at \$51,250,000 through 1965) and the payment of \$2,475,000 of short-term notes incurred for construction purposes.

INVESTORS FINANCIAL FUND FILES FOR OFFERING. Investors Financial Fund, Inc., 621 Meadows Bldg., Dallas, filed a registration statement (File 2-22698) with the SEC on August 20 seeking registration of \$5,000,000 of 10-year participating agreements for the purchase of beneficial interests in Investors Financial Trust Fund, to be offered for public sale under the single-payment plan and accumulative plan. Organized under Texas law in April 1964, Investors Financial Fund is sponsor-depositor, manager and underwriter of the Trust Fund. B. F. Harrison is president of Investors Financial.

MCWOOD CORP. FILES FOR SECONDARY. McWood Corporation, Oil & Gas Bldg., Abilene, Tex., filed a registration statement (File 2-22699) with the SEC on August 20 seeking registration of 300,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering is to be made through underwriters headed by Dempsey-Tageler & Co., Inc., 1000 Locust St., St. Louis. The public offering price (\$20 per share maximum) and underwriting terms are to be supplied by amendment.

OVER

The company is primarily engaged in the crude oil gathering and marketing business, principally in the States of Texas, New Mexico and Louisiana. In addition to indebtedness and preferred stock, it has outstanding 1,449,346 common shares. The prospectus lists six selling stockholders, as follows: Ray McGlothlin (president), offering 115,000 of 204,783 common shares; Ray McGlothlin, Jr. (vice president), Jack V. McGlothlin (vice president), and Hal McGlothlin, 35,000 shares each of respective holdings of 131,756, 130,619 and 131,702 shares; Lynn H. Cook (vice president), 40,000 of 104,287; and J. J. Bledsoe, 40,000 of 87,987. Upon successful completion of the proposed offering, aggregate holdings by management officials will be reduced from 43% to 27% of the outstanding common stock.

FLORA COMPANY PROPOSES OFFERING. Flora Company, 630 Fifth Ave., New York, filed a registration statement (File 2-22701) with the SEC on August 19 seeking registration of \$400,000 of Limited Partnership interests, to be offered for public sale in \$8,000 units. The interests relate to a Limited Partnership to be formed for the purpose of producing the dramatico-musical play presently entitled "Flora, The Red Menace". The Partnership is to be formed under New York law upon successful completion of this offering. First Theater Investing Service, Inc., 210 E. 53rd St., New York, may act as an underwriter on a best-efforts basis in offering up to \$200,000 of the interest, for which it will receive a 10% commission.

The musical will be produced by the General Partners, Sonjud Theatrical Enterprises, Inc. (owned by Harold Prince), and Susie Theatrical Enterprises, Inc. (owned by George Abbott). George Abbott will be the director. The General Partners, who will make no cash contribution, will receive (a) 55% of any net profits, (b) 1% of the gross receipts as management fee, (c) \$350 per week office expense for each company presenting the musical, and (d) undetermined compensation for production of the musical by a second company with no obligation to account for same. The Limited Partners will receive 45% of the net profits. "Flora, The Red Menace" is an original musical comedy with book by George Abbott and Robert Russell, music by John Kander and lyrics by Fred Ebb. It is based upon the novel "Love is Just Around the Corner" by Lester Atwell.

PUBLIC SERVICE ELECTRIC PROPOSES BOND OFFERING. Public Service Electric and Gas Company, 80 Park Pl., Newark, N. J., filed a registration statement (File 2-22702) with the SEC on August 20 seeking registration of \$60,000,000 of first and refunding mortgage bonds (due 1994), to be offered for public sale at competitive bidding. The company is an operating public utility engaged in the electric and gas business in New Jersey. Net proceeds from its bond sale will be added to general funds of the company and will be used for general corporate purposes, including the payment of a portion of the cost of its current construction program (estimated at \$190,000,000) and the payment of approximately \$20,000,000 of unsecured short-term loans, incurred primarily to defray construction expenses.

BASIC-WITZ FURNITURE PROPOSES RIGHTS OFFERING. Basic-Witz Furniture Industries, Incorporated, Waynesboro, Va., filed a registration statement (File 2-22703) with the SEC on August 20 seeking registration of \$1,737,800 of subordinated convertible debentures due 1981, to be offered to its stockholders at 100% of principal amount, at the rate of \$100 principal amount of debentures for each 25 shares of common stock held. The offering is to be made through underwriters headed by J. C. Wheat & Co., 1001 E. Main St., Richmond, Va., which the company has agreed to pay a minimum commission of \$34,756 as a stand-by fee. Additional underwriting terms, the interest rate and record date are to be supplied by amendment.

The company manufactures bedroom and dining room furniture, which it sells nationally to retail furniture dealers. Net proceeds from its debenture sale will be used as general working capital, to expand inventory and to facilitate an increase in accounts receivable. A portion of the proceeds will be used to repay some \$450,000 of short-term bank indebtedness. In addition to indebtedness, the company has outstanding 434,450 shares of common stock, of which management officials as a group own approximately 54%. Bernard Copeland is president.

TWO STOCKS DELISTED. The SEC has issued orders granting applications of the Midwest Stock Exchange and the New York Stock Exchange to delist the common stock of Illinois Central Railroad Company, effective at the opening of business on August 25 and September 1, 1964, respectively. The number of such shares held by the public is inadequate to maintain an orderly market. The Commission also has issued an order granting an application of the Pacific Coast Stock Exchange to delist the common stock of Mt. Diablo Co., effective at the opening of business August 28th. All assets of Mt. Diablo have been transferred to Standard Oil Company of California.

FEDERAL-MOGUL-BOWER'S registration statement referred to in the SEC News Digest of August 20 carries the number (File 2-22700).

SECURITIES ACT REGISTRATIONS. Effective August 21: Becton, Dickinson and Co. (File 2-22492); Silicon Transistor Corp. (File 2-22559).

*As estimated for purposes of computing the registration fee.

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