

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the SEC



Washington 25, D.C.

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

FOR RELEASE December 2, 1960

LOUISIANA POWER SALE OF STOCK TO PARENT CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14321) authorizing Louisiana Power & Light Company to issue and sell to its parent, Middle South Utilities, Inc., for \$8,000,000 cash, 2,400,000 additional shares of the authorized but unissued no par common stock of Louisiana. Proceeds of the stock sale are to be used by Louisiana to pay part of the cost of its current construction program.

BORROWINGS PROPOSED BY EASTERN UTILITIES ASSOCIATES AND SUBSIDIARIES. Eastern Utilities Associates and its public utility subsidiary companies, Blackstone Valley Gas and Electric Company and Montaup Electric Company, have applied to the SEC for an order authorizing certain borrowings, and the Commission has issued an order (Release 35-14322) giving interested persons until December 20, 1960, to request a hearing on the application.

EUA, Blackstone, and Montaup have outstanding short-term promissory notes payable to banks that are expected to amount to \$2,775,000, \$2,700,000, and \$2,500,000, respectively, at December 30, 1960. EUA's notes are secured by a pledge of certain first mortgage and collateral trust bonds of Blackstone, while the notes of Blackstone and Montaup are unsecured. EUA proposes to pay its outstanding short-term notes through the issuance and sale of promissory notes to The First National Bank of Boston, in an aggregate amount of \$2,775,000, such notes to be secured by a pledge of the aforesaid bonds of Blackstone. The Bank has granted participation in the EUA loans to Rhode Island Hospital Trust Company and Industrial National Bank of Providence to the extent of \$740,000 to each bank. EUA contemplates that prior to December 30, 1961, all of its outstanding notes will be retired from the proceeds derived from the retirement of the Blackstone bonds in connection with the divestment of that company's gas properties. Blackstone proposes to pay its short-term notes outstanding on December 30, 1960, and meet its cash requirements for construction purposes during 1961 through the issuance and sale of \$4,000,000 of unsecured promissory notes, \$2,000,000 of such notes to be sold to the Industrial National Bank of Providence and the other \$2,000,000 to the Rhode Island Hospital Trust Company. Montaup proposes to pay its short-term notes outstanding on December 30, 1960, through the issuance and sale of \$2,500,000 of unsecured promissory notes to First National. First National has granted participation in \$1,750,000 of the proposed notes to the following banks in the amounts indicated: The National Shawmut Bank of Boston, \$625,000; State Street Bank and Trust Company, Boston, \$375,000; The First National City Bank of New York, \$500,000; and The Hanover Bank, New York, \$250,000.

FUNDAMENTAL INVESTORS TRANSACTION CLEARED. The SEC has issued an order (Release 40-3145) under the Investment Company Act authorizing the issuance by Fundamental Investors, Inc., Elizabeth, N. J., of its shares at net asset value for substantially all of the cash and securities of Van Buren Corporation, an Illinois corporation.

ROWE PRICE NEW HORIZONS FUND SEEKS EXEMPTION. Rowe Price New Horizons Fund, Inc., Baltimore, Md., has applied to the SEC for an order exempting the company from the provisions of Section 23(b) of the Investment Company Act, and the Commission has issued an order (Release 40-3146) giving interested persons until December 14, 1960, to request a hearing on the application.

The Fund was organized under Maryland law on May 31, 1960, and registered under the Investment Company Act on July 1, 1960. On September 6, 1960, the Fund filed a registration statement under the Securities Act of 1933 relating to the public offering of 400,000 shares. Previously, 51,500 shares had been purchased at \$10 per share by twenty investors. Although the Fund is presently a closed-end company, its charter provides that when its total assets aggregate \$10,000,000, or on January 1, 1962, whichever is earlier, it will become an open-end investment company and assume the obligation to accept outstanding shares presented for redemption at net asset value less a charge not in excess of 1%. Although the Fund will not become an open-end company until a date not later than January 1, 1962, it proposes to commence immediately to sell shares of its capital stock to the public, without sales load, at an offering price equal to the net asset value per share next determined after the receipt of completed purchase applications.

Under Section 23(b) of the Investment Company Act, it is unlawful for a registered closed-end company to sell any of its shares at a price below the current net asset value thereof determined as of a time within

OVER

For further details, call WOrth 4-5526

forty-eight hours, excluding Sundays and holidays, next preceding the time of such determination, unless the transaction falls within one of the exceptions specified in the Section or occurs under such other circumstances as the Commission may permit by rules and regulations or orders for the protection of investors.

The Fund's application for exemption states that to the extent Section 23(b) of the Act may be deemed to permit or require the Fund to price its shares on the basis of net asset value determined within the forty-eight hours next preceding the receipt of accepted purchase applications, the method now proposed by the Fund is more consistent with a policy of preventing dilution of net asset value as a result of continuing sales, and that, accordingly, the Fund believes such exemption to be necessary and appropriate in the public interest and consistent with the protection of investors.

RESEARCH INVESTING CORP. SEEKS ORDER. Research Investing Corporation (an Indiana corporation), Indianapolis, Ind., has applied to the SEC for an order declaring that it has ceased to be an investment company, and the Commission has issued an order (Release 40-3147) giving interested persons until December 20, 1960, to request a hearing on the application. The application states that the company has been merged with Research Investing Corporation (a New Jersey corporation) with the latter as the surviving corporation. The effect of the merger was to reincorporate the applicant in the State of New Jersey as an open-end investment company.

INTERNATIONAL ELECTRONIC RESEARCH FILES FOR OFFERING AND SECONDARY. International Electronic Research Corporation, 135 West Magnolia Blvd., Burbank, Calif., filed a registration statement (File 2-17357) with the SEC on December 1, 1960, seeking registration of 220,000 shares of common stock, of which 110,000 shares are to be offered for public sale by the company and 110,000 shares, being outstanding stock, are to be offered by the present holders thereof. Schwabacher & Co. is listed as the principal underwriter. The public offering price and underwriting terms are to be supplied by amendment.

The company, which was incorporated under California law in 1953, has developed and manufactures an accessory for use with electron tubes known as the heat dissipating tube shield. In addition, it operates a precision machining facility doing subcontract work in the aircraft and rocket engine industry, and manufactures certain precision A.C. instruments. The net proceeds from the sale of additional stock will be used to repay bank loans, outstanding as at December 1, 1960, in an amount of \$124,000; to pay the balance due (\$430,125) in connection with the company's purchase of assets of Millrich Industries, Inc., and to pay the \$13,432 balance due on equipment purchase contracts. The remainder of the proceeds will be used to increase working capital.

In addition to certain indebtedness, the company has outstanding 462,000 shares of common stock, of which Fred A. Miller, board chairman, and Harvey Riggs, president, own 154,000 shares each and propose to sell 36,667 shares each, and Don Rich, vice president, owns 154,000 shares and proposes to sell 36,666 shares.

SEC COMPLAINT NAMES D'AVIGDOR CO. The SEC New York Regional Office announced on November 29 (LR-1846) the filing of a court action (USDC SDNY) seeking to enjoin Leslie d'Avigdor Company, 111 Broadway, New York City, from further violations of the registration provisions of the Securities Act and the Commission's net capital and bookkeeping rules under the Securities Exchange Act.

WILLIAM C. KARAL INDICTED. The SEC Boston Regional Office announced on November 30 (LR-1847) the return of an indictment (USDC Mass.) charging William C. Karal with violations of the anti-fraud provisions of the Securities Exchange Act and of the Mail Fraud Statute.

MOTION OF ALBERT J. KONDY DENIED. The SEC Denver Regional Office announced on November 28, 1960, (LR-1848) that the United States District Court for the District of Colorado had denied a motion of Albert J. Kondy for a summary judgment of dismissal of the court action against him. Kondy is the remaining defendant in the action brought by the SEC against the American Founders Life Insurance Company of Denver, the Colorado Management Corporation, and others. This action has been settled with respect to all defendants except Albert J. Kondy.

---ooo0ooo---