

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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INVESTMENT COMPANY RULE AMENDMENT PROPOSED. The SEC today published a proposal to amend the exemptive provisions of its Rule 17a-6 under the Investment Company Act, pertaining to transactions between investment company affiliates, so as to broaden the exemption and thus eliminate the filing and processing of applications in circumstances in which there appears to be no likelihood that the Commission could not make the required statutory finding (for an exemption by Commission order) that such transactions are reasonable and fair and do not involve any overreaching. Interested persons are invited to submit their views and comments not later than October 31, 1963.

The present Rule 17a-6 applies only to small business investment companies (SBICs); and it provides an exemption for the sale of securities or other property to, and the borrowing of money or other property from, an SBIC where such transactions are prohibited by Section 17(a) of the Act solely because of an affiliation created through the owning, controlling or holding with power to vote, by the SBIC, of voting securities of the small business concern with whom the transaction is to be effected. However, the exemption is not available if any person having an "affiliate, promoter or principal underwriter" relationship with the SBIC also has a direct or indirect financial interest in the small business concern.

Under the amendment proposal, the exemption would not be limited to transactions with SBICs; and the proposal would extend the exemption provided by the present rule to any type of transaction between (1) an affiliated company of a registered investment company, or an affiliated person of such affiliated company and (2) the registered investment company or any company controlled by the registered investment company, provided that the transaction would be prohibited by Section 17(a) only because (a) the registered investment company controls the affiliated company or (b) the registered investment company directly or indirectly owns, controls or holds with power to vote five per centum or more of the securities of the affiliated company.

The proposed amended rule (which would not apply if the outstanding securities of any party to the transaction other than the investment company are owned by more than 100 persons) would provide that an exemption under the rule as unavailable if any affiliated person, promoter or principal underwriter of the registered investment company, or an affiliated person of (i) such promoter or principal underwriter, (ii) any person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of the registered investment company, (iii) any person directly or indirectly controlling or under common control with the registered investment company, (iv) any officer, director, or employee of the registered investment company, and (v) any investment adviser or depositor of the registered investment company, has a direct or indirect financial interest (with limited exceptions) in the affiliated company, in any controlled company of the registered investment company involved in the transaction, or in any affiliated person of such affiliated or controlled company.

NORTH AMERICAN BOND TRUST. An application has been filed with the SEC under the Investment Company Act for an order declaring that North American Bond Trust, 63 Wall St., New York, has ceased to be an investment company; and the Commission has issued an order (Release IC-3777) giving interested persons until October 17th to request a hearing thereon. The application states that the Trust Agreement creating the Applicant provided for termination of the Trust on August 31, 1952. Since termination of the Trust, the sum of \$146,803.25 has been paid at the total rate of \$126.50 to the holders of 1160-5/10ths Interests. At the present time the balance of \$3,162.50 is held by the Trustee for payment at the same rate per Interest to the holders of Certificates representing 25 Interests as and when the Certificates are presented to the Trustee. These funds are held by the Trustee solely for the purpose of payment to the holders of the 25 Interests except as such funds may be affected by the Abandoned Property Law of the State of New York.

KIRK INDUSTRIES SEEKS ORDER. Kirk Industries, Inc., 29 Broadway, New York, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company (within the meaning of the Act) by reason of the fact that its securities are beneficially owned by less than 100 persons; and the Commission has issued an order (Release IC-3778) giving interested persons until October 17th to request a hearing thereon.

MILWAUKEE GAS LIGHT PROPOSES FINANCING. The SEC has issued an order under the Holding Company Act (Release 35-14946) authorizing Milwaukee Gas Light Company, Milwaukee, Wisc., (a) to issue and sell an additional 333,334 shares of its common stock to its parent, American Natural Gas Company, for \$4,000,008; and (2) to make bank borrowings aggregating \$16,000,000 during the twelve months ending October 30, 1962. Proceeds of this financing will be used by the issuing company to pay off outstanding notes and for construction purposes.

CONN. YANKEE ATOMIC POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-14947) authorizing certain transactions involved in the organization of Connecticut Yankee Atomic Power Company, a Connecticut public service company which proposes to construct and operate a nuclear-powered electric generating plant on the east bank of the Connecticut River. The Commission authorized the

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initial step in the financing program of Connecticut Yankee, involving a proposal to sell from time to time, as funds are needed, an aggregate of 50,000 common shares at \$100 per share to the 12 sponsoring companies; and the Commission also exempted such issue and sale from the competitive bidding requirements of the Holding Company Act. In addition, the Commission approved the proposed acquisition of Connecticut Yankee stock by the sponsoring companies and granted exemptions from the Act to The Connecticut Light and Power Company and New England Power Company, both exempt holding companies, each of which proposes to acquire in excess of 10% of such stock. The Commission also dismissed proceedings instituted to determine whether any of the sponsoring companies (other than the two named exempt holding companies) should be deemed to be a holding company in respect to Connecticut Yankee. The Commission denied authorization for Connecticut Yankee to conduct negotiations with investment banking firms and other potential purchasers to determine the type, amount, and method of its permanent financing program.

COURT RESTRAINS VISUTRONICS CORP. The SEC San Francisco Regional Office announced September 24th (LR-2750) the entry of a Federal court order (USDC, Las Vegas) preliminarily enjoining Visutronics Corporation of America and M. E. Parobek & Associates, Inc., together with Michael E. Parobek, Homer E. Burton, Frank Lord and Morris Earle, all of Las Vegas, from further violating the Securities Act registration and anti-fraud provisions in the sale of Visutronics stock.

PUBLIC SERVICE ELECTRIC AND GAS PROPOSES BOND OFFERING. Public Service Electric and Gas Company, 80 Park Place, Newark, N. J., filed a registration statement (File 2-21733) with the SEC on September 26 seeking registration of \$40,000,000 of debenture bonds due 1983, to be offered for public sale at competitive bidding. The net proceeds from the bond sale will be added to general funds and used for general corporate purposes, including payment at maturity of \$36,000,000 of 3% debenture bonds due November 1963 and payment of a portion of the cost of the company's current construction program. Construction expenditures for 1963 and 1964 will approximate \$120,000,000 and \$128,000,000 respectively.

ELITE THEATRICAL PRODUCTIONS FILES FOR STOCK OFFERING. Elite Theatrical Productions Ltd., 50 Broadway, New York, filed a registration statement (File 2-21732) with the SEC on September 26 seeking registration of 400,000 shares of Class A common stock, to be offered for public sale at \$5 per share. The offering will be made on a best efforts basis by Linder, Bilotti & Co., Inc., of the 50 Broadway address, which will receive a 75¢ per share selling commission plus an additional 25¢ per share for expenses.

Organized under Delaware law in May 1963, the company generally will operate, exploit, manage and produce ventures of all types in the theatrical and entertainment fields. The prospectus states that the company will engage in various phases of financing in "show business" but will not engage in investing, reinvesting or trading in securities. The company has entered into an agreement with Cine Universal Ltd. (a subsidiary of ATU Productions, Inc.) whereby the company became the co-producer and co-owner of color film about 90 minutes long to be made dealing with African Congo painters, their daily lives and the results of their efforts; and the company has paid Cine \$8,000 and is obligated to pay production costs of up to an additional \$17,000 subject to its prior approval of the film. In addition, the company has entered into an agreement concerning the production of a play for off-Broadway presentation entitled "Lady Chatterley's Lover"; has invested in a limited partnership which is engaged in off-Broadway presentations of Gilbert & Sullivan operettas; and has entered into an agreement concerning the production of a Broadway play tentatively entitled "A Murderer Among Us." Of the \$1,575,000 estimated net proceeds from the stock sale, \$60,000 will be used for working capital and operation expenses; \$24,500 for advances and payments pursuant to said agreements; \$100,000 for investment with respect to "A Murderer Among Us"; and the balance will be added to working capital to be used for the general business purposes of the company "to the extent and in the manner made possible by the opportunities which may present themselves."

In addition to certain indebtedness, the company has outstanding 45,500 Class A and 4,500 Class B common shares, of which latter stock Hyman S. Linder, president, Armand E. Bilotti, vice president, and Irwin Gadol, a director, own 33.3%, 33.3% and 22.2%, respectively. The Class A shares were sold to a group of ten people in August 1963 at \$2 per share. According to the prospectus, Class B stock carries the right to elect the smallest number of directors constituting a majority of the board, and Class A stock the right to elect the remaining directors. Sale of the new Class A shares at \$5 per share will result in an increase in the book value of all stock now outstanding from \$1.35 to \$3.65 per share, with a resulting dilution of \$1.35 per share in the book equity of stock purchased by the public. Linder and Bilotti are also principal officers and stockholders of the underwriter.

FAMILY FINANCE FILES THRIFT PLAN. Family Finance Corporation, 201 West Fourteenth St., Wilmington, Del., filed a registration statement (File 2-21734) with the SEC on September 26 seeking registration of \$2,000,000 of thrift accounts, to be offered pursuant to its Family Finance Thrift Club.

SECURITIES ACT REGISTRATIONS. Effective September 26: American Vitrified Products Co. (File 2-21624). Effective September 27: ACF Industries, Inc. (File 2-21623); Mattel, Inc. (File 2-21639); Rockwell-Standard Corp. (File 2-21681).