

# SECURITIES AND EXCHANGE COMMISSION

# NEWS DIGEST

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



Washington 25, D.C.

FOR RELEASE April 16, 1957

## Holding Company Act Release No. 13449

The Securities and Exchange Commission has served notice upon Burnham and Company, New York investment banker, and N. V. Amsterdamsche Bankierskantoor v. h. Mendes Gans Company ("Mendes Gans"), a Dutch investment banker, that, effective May 12, 1957, they will not be entitled to any automatic exemption, pursuant to the exemptive rules of the Commission, from the registration requirements of the Public Utility Holding Company Act of 1935 as owners of more than ten per cent of the voting securities of Central Public Utility Corporation ("Cenpuc"), of New York, a registered holding company.

Having disposed of all its domestic utility subsidiaries, Cenpuc filed an application for exemption from the Act, pursuant to Section 3(a)(5) thereof, on the ground that it receives no part of its income from utility companies operating within the United States. Its application discloses that in January 1957 Mendes Gans, through Burnham as its American agent, acquired more than 10% of Cenpuc's voting securities. This acquisition created a third tier of holding companies in the Cenpuc system, which is contrary to the "great grandfather" clause of Section 11(b)(2) of the Act.

The effect of the withdrawal of any automatic exemption will be to require both Burnham and Mendes Gans to register as holding companies not later than May 12, 1957, or to file a formal application for exemption. In the latter event, the Commission will be in a position to determine, after opportunity for hearing and upon the basis of all pertinent facts, whether it is appropriate in the public interest or for the protection of investors that Burnham and/or Mendes Gans be subjected to the duties and obligations imposed by the Act upon registered holding companies or whether to grant such companies an exemption from registration.

\* \* \* \*

National Telefilm Associates, Inc., New York, filed a registration statement (File 2-13251) with the SEC on April 15, 1957, seeking registration of \$7,500,000 of Convertible Subordinated Debentures, due May 1, 1967, to be offered for public sale through an underwriting group headed by Bache & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The company is engaged principally in the distribution of films for telecasting. Net proceeds of this financing are to be used as follows: (a) approximately \$2,340,000 to pay the final installment due with respect to the first group of pictures acquired under NTA's agreement with Twentieth Century-Fox dated October 29, 1956; (b) an unspecified amount to retire indebtedness to lenders incurred for film ac-

quisitions and to repurchase participations in film exhibition receipts; and (c) the balance, if any, to be added to working capital. According to the prospectus, NTA's agreements with Twentieth Century-Fox deal with a total of 442 feature films. It has already received or has firm commitments for 237 such films, and, at the election of Twentieth Century-Fox, an additional 205 films are to be delivered.

\* \* \* \*

The Income Fund of Boston, Boston investment company, filed an amendment to its registration statement (File 2-11293) on April 15, 1957, seeking registration of an additional 800,000 shares of its common stock.

\* \* \* \*

Drug Fair-Community Drug Co., Inc., Arlington, Va., filed a registration statement (File 2-13252) with the SEC on April 15, 1957, seeking registration of 217,550 shares of its Common Stock A, \$1 par. Of this stock, 160,000 shares are now outstanding and are to be offered for public sale by the holders thereof (selling stockholders) and the remaining 57,550 shares are to be offered for the account of the issuing company. The public offering price is to be \$5 per share; and the underwriters, headed by Auchincloss, Parker & Redpath, will receive a commission of \$.475 per share.

Net proceeds to the company from its sale of the 57,550 shares will be applied toward the repayment of the company's 6% Cumulative Participating Preferred Stock, which has been called for redemption on May 31, 1957. Any additional funds required for this purpose will be supplied out of working capital.

On April 15, 1957, the company was recapitalized by a charter amendment changing its previously authorized common stock capitalization of 69,000 shares, \$10 par, into 900,000 shares of Common Stock A and 592,450 shares of Common Stock B (both \$1 par). As part of this recapitalization 59,245 common shares previously issued and outstanding were reclassified into 592,450 shares of Common Stock B. Thereafter, the directors authorized the issuance of 57,550 shares of Common Stock A, which the underwriters have agreed to purchase for public distribution. Certain stockholders converted 160,000 shares of their Common Stock B into the same number of shares of Common Stock A, which the underwriters also have agreed to purchase for public distribution. The selling stockholders are Milton Elsborg, President, and Robert Gerber, Vice-President and Treasurer. After their sale of the 160,000 shares of Common Stock B (80,000 shares each), they will continue to own, respectively, 112,132 shares (17.25%) and 92,132 shares (14.67%) of the outstanding Common Stock B.

Holding Company Act Release No. 13448

National Fuel Gas Company has joined with three of its subsidiaries in the filing of a financing proposal with the SEC; and the Commission has issued an order giving interested persons until May 1, 1957, to request a hearing thereon.

(Continued)

Under the proposal, National proposes to sell to the public through competitive bidding \$15,000,000 of Sinking Fund Debentures due 1982, part of the proceeds of which will be used to retire bank indebtedness of \$11,100,000 and the balance will be used, as set forth below. National also proposes to make additional bank borrowings during the last half of 1957 in the amount of \$10,000,000.

One of the subsidiaries, Iroquois Gas Corporation (Buffalo), proposed to issue and sell to National during 1957 promissory notes in the principal amount not exceeding \$8,800,000. Proceeds thereof, together with funds available from current operations, will be used to make needed additions to its utility plant during 1957 estimated to cost \$7,500,000, to purchase additional gas for underground storage, and to discharge short-term bank borrowings due in 1957.

United Natural Gas Company (Oil City, Pa.) also proposes to issue promissory notes to National during 1957, in an amount not to exceed \$2,000,000. United will use the funds, together with funds available from current operations, for property additions during 1957 estimated at \$1,905,000 and to purchase additional gas for underground storage. The third subsidiary, Pennsylvania Gas Company (Warren, Pa.) proposes to issue \$3,000,000 of promissory notes to National during 1957 and to use the proceeds thereof for similar purposes. Its property additions are estimated at \$2,414,000 for 1957.

#### Investment Company Act Release No. 2509

The SEC today announced the issuance of a decision declaring that Northeast Capital Corporation, of New York, is not an investment company as defined in the Investment Company Act of 1940, on the ground that it is primarily engaged through a controlled company in a business other than that of investing, reinvesting, owning, holding, or trading in securities. Accordingly, Northeast need not register with the Commission as an investment company.

As of June 30, 1956, the Commission found, Northeast was the beneficial owner of approximately 30% of the outstanding common stock of Mack Trucks, Inc.; and more than 40% of Northeast's total assets consists of the Mack stock. As a result of its active and far reaching participation in Mack's management, Northeast was found by the Commission to be in actual control of that company. For these and other reasons, the Commission concluded that Northeast is primarily engaged in the manufacturing business, that it "clearly controls Mack and has actively engaged in Mack's operations through the activities of its representatives on the board of directors and the executive committee of Mack," and that its "history and activities do not disclose a pattern comparable to the typical special situation investment company."

Accordingly, the Commission adopted an order declaring that Northeast is not an investment company.

\* \* \* \*

The Standard Oil Company (Ohio), of Cleveland, today filed a registration statement (File 2-13253) with the SEC seeking registration of \$4,400,000 of Interests

(Continued)

in its Sohio Employees Investment Plan, together with 56,500 shares of the Standard Oil \$10 par common stock and 14,620 shares of Preferred Stock (Cumulative, Series A, 3-3/4%, \$100 par), which may be purchased under the plan.

Securities Exchange Act Release No. 5487

The SEC today announced the issuance of a decision revoking the broker-dealer registrations of the following for failure to file the required reports of financial condition during 1955:

William Ross Dickson, doing business as  
W. R. Dickson Agency, Rock Springs, Wyoming

Byron Drue Hampton, Jr., doing business as  
Stallion Royalties, Baird, Texas

Robert William McLaughlin, doing business as  
Wall Street Securities Company, New York, N. Y.

Albert Monroe Overton, doing business as  
The Overton Investment Company of America  
Princeton, N. J.

---000000---