

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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Washington 25, D.C.

FOR RELEASE July 15, 1960

GREAT AMERICAN LIFE UNDERWRITERS GRANTED EXEMPTION. In a decision announced today (Release 40-3070), the SEC granted an application of The Great American Life Underwriters, Inc. ("applicant"), of Springfield, Ill., for an exemption from the Investment Company Act of 1940. The exemption is retroactive to January 1, 1941, the effective date of the Act.

Applicant was organized in 1929 and immediately embarked upon a program of organizing and acquiring interests in various life insurance companies which it thereafter developed and financed. In that year it organized The Great American Life Insurance Company ("Great American"); and, in 1939, it purchased all the stock of Franklin Life Insurance Company ("Franklin"), to which most of the assets of Great American were transferred in 1940. Following consolidation of the two subsidiaries in 1945, Great American was dissolved. Since 1945, applicant has continued to control Franklin which, at the end of 1959, had approximately \$3.6 billion of insurance in force and admitted assets of \$526,733,000. Since 1953, applicant's investment in Franklin has represented in excess of 90% of the value of all of its investment securities.

During 1929-1940, applicant obtained funds for the acquisition and financing of its life insurance subsidiaries through the sale and issuance to the public of four types of installment securities, two of which were "face-amount certificates" of the installment type as defined in the Investment Company Act. Although the sale thereof was discontinued prior to the effective date of the Act, applicant has continued to receive payments on and to service outstanding securities; and, accordingly, it is an investment company within the definition of that Act.

In view of the discontinuance of the sale of such securities and the Commission's conclusion that applicant is primarily engaged in the insurance business through controlled subsidiaries, the Commission concluded that applicant should be granted an (exemption from) the Investment Company Act on the ground that it is not the type of company intended to be regulated thereunder. Among the other considerations leading to this conclusion were the facts that applicant has a very substantial part of its investments in, and derives a very substantial part of its income from its holdings of stock in its insurance subsidiary and that applicant's officers and directors have been active in the management and operation of the insurance subsidiary.

In determining that the exemption might be made retroactive, the Commission pointed out that the company would have been entitled to the exemption at any time, that it failed earlier to file an application for exemption because of the good faith though mistaken belief that it was not subject to the Act, that it is clearly not now an investment company and was at all times primarily engaged in the insurance business, and its outstanding face-amount certificates were at all times protected by reserves on deposit with a state agency and have been reduced to the point where they are insignificant in comparison to applicant's assets.

EQUITY-DEVELOPMENT CORP. MERGER. In a decision announced today (Release 40-3077), the SEC granted an exemption under the Investment Company Act with respect to the merger of Development Corporation of America, of New York City, into The Equity Corporation, of New York, both investment companies.

Equity owns 2,399,503 shares (99.8%) of the outstanding stock of DCA. It previously was permitted to acquire this stock under a Commission order exempting such acquisition from the anti-pyramiding provisions of the Act, upon condition that unless by December 15, 1959, DCA ceased to be an investment company, DCA would register under the Act and Equity would dispose of its stock interest therein. The time for compliance with this condition was later extended to March 16, 1960. On March 17, 1960, DCA filed its registration notification; and on April 21, 1960, the Commission filed a court action seeking compliance with the said condition. A May 11, 1960, order of the court, entered on consent of the parties, directed Equity, on or before July 15, 1960, to cause the merger of DCA into Equity, or to liquidate DCA.

The merger is to be effected July 15, 1960, DCA to be merged into Equity pursuant to the simplified merger provisions of Section 253 of the General Corporation Law of Delaware; and, in connection therewith, the common stockholders of DCA other than Equity will be paid in cash \$7.91 as the value of each share they hold, unless they exercise their rights to demand an appraisal under such law.

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For further details, call WOrth 3-5526

PROPOSED YUSCARAN MINING OFFERING CHALLENGED. The SEC has instituted proceedings under the Securities Act of 1933 challenging the accuracy and adequacy of various representations contained in a registration statement of Yuscaran Mining Company, Inc., 6815 Tordera St., Coral Gables, Fla., which proposed a public offering of securities. A hearing is scheduled for July 27, 1960, in the Commission's Washington office for the purpose of taking evidence and to determine whether a stop order should be issued suspending the registration statement.

The Yuscaran Mining registration statement was filed on May 6, 1960, and proposed the public offering of 1,000,000 common shares at \$1 per share through company officers and employees. Organized in August 1959, it proposed to engage in the exploring for, mining and processing of ore containing gold, silver, lead, zinc and copper in Honduras, Central America. In exchange for a 99-year lease on such properties and two grants relative to certain properties in North Carolina (USA), the company issued 15,900,000 common shares and \$28,000 of 8% 25-year debentures to a partnership composed of Joseph Bobak, company president, and others; and it was further agreed to pay the partnership throughout the term of the lease 5% of the annual net profits of the company before Honduran and U. S. income taxes. Of these and other securities issued by the company, Boback and Emanuel Davis, vice president, received 10,200,000 and 1,600,000 shares respectively; Mrs. Gloria Raudales w. de Daft of Honduras, owner of the properties, received \$28,000 of debentures and her children received 600,000 common shares. Net proceeds of the public sale of stock would be used to purchase and install a mill and acquire other equipment and for working capital.

The Commission's order for proceedings charges that the company's prospectus is false and misleading by reason of its failure, among other things, to include in the first part thereof, in summary form, the major speculative features of the company and its securities, including facts with respect to the developments at the property and the present status thereof, and the amounts required to service the outstanding 25-year 8% debentures and to pay outstanding current liabilities, taxes and other charges. The accuracy and adequacy of various other informational disclosures are challenged, including representations with respect to the mining history of the leased property in Yuscaran and the present state of development and condition thereof; representations with respect to ore bodies and ore reserves and the dollar value thereof, and concerning the qualifications as a mining expert of Walter R. Zeibell on whose reports they were based; the data included and statements made concerning shipments from the so-called Henry Daft Mine; and the failure to disclose prior sales of securities to the public by Yuscaran Mining and others in violation of the Securities Act registration requirements.

ENNIS BUSINESS FORMS FILES FOR SECONDARY. Ennis Business Forms, Inc., 214 West Knox Street, Ennis, Texas, filed a registration statement (File 2-16805) with the SEC on July 14, 1960, seeking registration of 74,546 outstanding shares of common stock, to be offered for public sale by the present holders thereof through a group of underwriters headed by Kidder, Peabody & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company manufactures and sells a diversified line of business forms and other paper products, including salesbooks, restaurant checks, register forms, tabulating and other continuous forms, tags, carbon paper and a variety of other stationery supplies for retail, wholesale and manufacturing businesses. In addition to certain indebtedness, the company has outstanding 550,000 shares of common stock, of which an aggregate of 169,520 shares (30.8%) are owned by the lineal descendants and their spouses, the widow, and the Estate of G. G. Dunkerley, and 17.7% by the company's officers and directors as a group. Garner Dunkerley, Jr., president, and Jane D. Barrington own 33,358 and 24,342 shares respectively. The prospectus lists 10 selling stockholders, including Dunkerley and Mrs. Barrington who propose to sell 16,358 and 10,000 shares, respectively. Sale of the 74,546 shares will reduce the interest of this family group to 18.7%.

INVESTOR SERVICE FUND FILES FOR OFFERING. Investor Service Fund, Inc., 1823 Jefferson Place, N. W., Washington, D. C., filed a registration statement (File 2-16804) with the SEC on July 14, 1960, seeking registration of 100,000 shares of common stock, to be offered for public sale on a best efforts basis at \$10.00 per share (in units of 100 shares) through Investors Service Securities, Inc. and Riviere Marsh and Company.

The company was organized under Delaware law in May, 1960 and is expected to be qualified to do business in the District of Columbia area. Its primary purpose is to offer investors an opportunity to participate in diversified real estate ventures. According to the prospectus, the company has not commenced active business operations and has no earnings record. The net proceeds from the stock sale will be invested in real estate ventures, primarily in the Washington, D. C. metropolitan area. The initial venture of the company will be the purchase of all or a part interest in the Falls Plaza Shopping Center located in Falls Church, Va. The company has outstanding 4,600 shares of common stock, of which 3,000 shares are owned by Samuel J. Gorlitz, president and 250 shares each by Stanley Nehmer and Daniel M. Lyons, vice-presidents, and Jacques M. Heller, treasurer.

HOME BUILDERS ACCEPTANCE PROPOSES OFFERING. Home Builders Acceptance Corporation, 409 N. Nevada, Colorado Springs, Colo., today filed a registration statement (File 2-16806) with the SEC seeking registration of 1,000,000 shares of common stock, to be offered for public sale at \$1 per share by company officers and directors, who will receive a selling commission of 15¢ per share.

Organized in 1960, the company will engage in the business of loaning money and it expects to buy, sell and trade in mortgages, real estate and "trade-in" equities relating to residential and commercial properties. It also proposes to make home improvements loans, constructions loans, subdivision loans, and assist in other

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community development loans. Net proceeds of the sale of stock will be applied to these and related purposes.

The company now has outstanding 215,000 common shares, of which 55,000 shares are owned by Richard D. Frigmore, president and one of the promoters, and 185,000 shares by officers, directors and promoters as a group. For the 185,000 shares the holders paid \$42,500 and rendered certain services to and on behalf of the company.

CAPITAL INVESTMENTS PROPOSES OFFERING. Capital Investments, Inc., 743 North Fourth St., Milwaukee, today filed a registration statement (File 2-16808) with the SEC seeking registration of 60,000 shares of common stock, to be offered for public sale at \$11 per share on an all or none basis by The Marshall Company (also of Milwaukee), which will receive a \$1 per share commission.

Organized in March 1959 under the name First Milwaukee Small Business Investment Corp., the company is a closed-end, non-diversified management investment company and a Federal licensee under the Small Business Investment Act of 1958. It is engaged in the business of providing equity capital to small business concerns, providing consulting and advisory services on a fee basis to such concerns in which it has invested, and cooperating with banks and other financial institutions in meeting the credit needs of such concerns. Net proceeds of this financing will be applied generally to these purposes.

The company now has outstanding 26,320 common shares and certain indebtedness. The stock is held by 22 persons or corporations. The principal stockholder is Frank W. Norris, president, who owns 10,350 shares.

BOSTON FUND ACQUISITION CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release 40-3076) permitting Boston Fund, Inc., Boston investment company, to issue its shares at their net asset value in the acquisition of substantially all the assets of The Groton Company, a personal holding company and affiliate.

MUTUAL EMPLOYEES TRADEMART MOTIONS DENIED. In a decision announced today (Release 33-4252), the SEC denied a motion of Mutual Employees Trademart, Inc., Hialeah, Fla., to withdraw its Regulation A notification under the Securities Act of 1933 proposing the public offering of 200,000 common shares at \$1.50 per share. In an earlier order, the Commission had temporarily suspended the exemption from registration; and a hearing is scheduled for July 19, 1960, on the question whether the suspension should be vacated or made permanent. The Commission also denied a motion for an opportunity to correct any deficiencies in the company's notification and offering circular and for a bill of particulars.

TRINITY SMALL BUSINESS INVESTMENT SEEKS EXEMPTION. Trinity Small Business Investment Company, Greenville, S. C., has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release 40-3075) giving interested persons until July 29, 1960, to request a hearing thereon. The company plans to dissolve and liquidate.

ROCKY MOUNTAIN NATURAL GAS FILES FINANCING PROPOSAL. Rocky Mountain Natural Gas Company, Inc., of 1726 Champa St., Denver, today filed a registration statement (File 2-16807) with the SEC seeking registration of \$2,350,000 of Sinking Fund Debentures due 1980 and 235,000 shares of common stock. It is proposed to offer these securities only in Units, each unit to consist of a \$50 debenture and stock. The number of shares to be issued with each \$50 debenture, and the public offering price of the units and underwriting terms, are to be supplied by amendment. Merrill Lynch, Pierce, Fenner & Smith, Inc., is listed as the principal underwriter.

The company is primarily a gas distributing utility supplying natural gas at retail in Colorado to the towns of Wellington, Walden, Dove Creek, Nunn and Ignacio. Several months ago it acquired all the common and 82% of the preferred stocks of Domestic Propane Co., Inc., a Colorado corporation. It plans the construction of a 29-mile natural gas transmission pipeline and related distribution facilities, extending from a gas field in the Mesa area some 200 miles west of Denver to a central collecting station near the town of Collbran, from which a transmission line will extend south about 67 miles across the Grand Mesa National Forest. The system will be constructed to serve the town of Collbran and in addition the towns of Cedaredge, Orchard City, Delta, Olathe and Montrose and will include distribution systems to serve all of these towns. Certain rural districts also will be served. Construction costs are estimated at \$2,836,000. Net proceeds of this financing will be applied to construction expenditures, the retirement of \$125,000 of bonds and the payment of \$150,000 of bank loans.

In addition to indebtedness, the company now has outstanding 123,130 common shares. Ernest C. Porter is listed as board chairman and William A. Newton as president. Management officials as a group own 39,547 shares, including 14,668 shares held by Porter.

VAN DORN IRON WORKS VOTING TRUST FILES. Lawrence C. Jones, president, and three other Voting Trustees under a Voting Trust Agreement for shares of the common stock of The Van Dorn Iron Works Company, Cleveland, today filed a registration statement (File 2-16809) with the SEC seeking registration of voting trust certificates for a maximum of 99,696 shares of Van Dorn common stock.

AMERICAN LIFE COMPANIES FILES EXCHANGE PLAN. American Life Companies, Inc., American Life Building, Fargo, N. D., today filed a registration statement (File 2-16810) with the SEC, seeking registration of 579,563 shares of common stock, to be offered in exchange for American Life and Casualty Insurance Company stock on the basis of 1½ such shares for one share of Casualty Insurance common, and in exchange for securities of Old National Insurance Company, a Texas corporation, on the basis of 1. shares for one share of Old National common and 12½ shares for each \$100 principal amount of Old National 6% convertible debentures due July, 1968.

The company was organized under Delaware law in March, 1959. Its principal business objective is the acquisition of controlling interests in life and other insurance companies and rendering services to them including advice and other assistance in all phases of insurance management, sales promotion, underwriting, investment of funds and accounting and financial procedures. In April, 1960 the company acquired 55%, 47% and 62%, respectively, of the outstanding common stock of Casualty Insurance, Old National and Old Southern Trust Company, a Texas corporation. In addition to certain indebtedness, the company has outstanding 50,000 shares of common stock owned by Lehman Brothers, a New York firm, and 50,000 shares of \$1.00 par preferred stock, of which 14%, 10%, and 10% are owned, respectively, by General Industrial Enterprises, Sejak Corp, and Centro Corp. The prospectus lists Harold W. Bangert as board chairman and George A. Anderson as president.

WOODSIDE BECOMES SEC COMMISSIONER. Byron D. Woodside, former Director of the SEC Division of Corporation Finance, today took his oath of office as a member of the Securities and Exchange Commission, succeeding to the vacancy created by the resignation of Andrew Downey Orrick and for the remainder of a five-year term expiring June 5, 1962. Commissioner Woodside has been closely associated with the administration of the Federal securities laws since 1933, becoming Assistant Director of the Division of Corporation Finance in 1940 and Director 1952 (U-292).

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