

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.

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

(Issue No. 63-2-11)

FOR RELEASE February 18, 1963

Statistical Release No. 1882. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended February 15, 1963, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1962 is as follows:

	1957-59 = 100		Percent Change	1962	
	2/15/63	2/8/63		High	Low
Composite	135.4	134.9	+ .4	144.3	107.0
Manufacturing	125.9	125.4	+ .4	135.0	98.6
Durable Goods	121.7	120.7	+ .8	135.6	95.2
Non-Durable Goods	129.8	129.8	0.0	134.4	101.8
Transportation	112.0	109.9	+1.9	112.0	85.5
Utility	178.1	177.8	+ .2	185.5	143.0
Trade, Finance & Service	159.1	158.0	+ .7	178.2	129.8
Mining	109.0	108.9	+ .1	113.3	83.8

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended February 14, 1963, 17 registration statements were filed, 18 became effective, 8 were withdrawn, and 344 were pending at the week-end.

LEHIGH PORTLAND CEMENT FILES SAVINGS PLAN. Lehigh Portland Cement Company, Young Building, Allentown, Pa., filed a registration statement (File 2-21076) with the SEC on February 14 seeking registration of \$643,500 of interests in its Salaried Employees Savings and Profit Sharing Plan, and 37,036 shares of common stock which may be acquired pursuant thereto.

MOUNTAIN FUEL SUPPLY FILES STOCK PLAN. Mountain Fuel Supply Company, 180 East First South Street, Salt Lake City, Utah, filed a registration statement (File 2-21077) with the SEC on February 15 seeking registration of \$265,385 of interests in its Employees Savings and Stock Purchase Plan, and 7,321 shares of capital stock which may be acquired pursuant thereto.

H. & A. SELMER FILES FOR SECONDARY. H. & A. Selmer, Inc., 119 North Main St., Elkhart, Ind., filed a registration statement (File 2-21078) with the SEC on February 15 seeking registration of 120,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through Clark, Dodge & Co., Inc., 61 Wall St., New York. The public offering price (maximum \$17 per share*) and underwriting terms are to be supplied by amendment. The company is engaged in the manufacture and sale of musical instruments and accessories. In addition to certain indebtedness, the company has outstanding 750,000 shares of common stock (after giving effect to a recent 2-for-1 stock split), of which Joseph M. Grolimund, board chairman, Jack F. Federsen, president, and John M. Brodhead, vice president, own 21.7%, 22.3% and 13.5%, respectively. They propose to sell 40,000 shares each.

SOUTHEASTERN MORTGAGE INVESTORS FILES FOR OFFERING. Southeastern Mortgage Investors Trust, 500 E. Morehead St., Charlotte, N. C., filed a registration statement (File 2-21079) with the SEC on February 15 seeking registration of 1,000,000 shares of beneficial interest in the Trust, to be offered for public sale at \$10 per share. The offering will be made on an all or none basis as to the first 40,000 shares and on a best efforts basis as to the balance, by Fleetwood Securities Corporation of America, 44 Wall St., New York. The underwriter will receive a commission of not to exceed 9% of the offering price plus an additional amount as an expense allowance not to exceed 3½% of the offering price. If the 40,000 shares are not sold within 60 days, the purchase price less the 3½% expense allowance will be returned to investors without interest.

The Trust was organized under Massachusetts law in January 1963 and intends to offer investors an opportunity to pool and diversify their funds in mortgages (including construction and development loans), real estate equities and leaseholds, initially situated in North Carolina, South Carolina, Georgia and Tennessee. Its investment policy will be to invest primarily in first mortgage loans insured by the Federal Housing Administration or guaranteed by the Veterans Administration, and in conventional loans, including development and construction loans on residential, commercial and industrial properties. It also intends to qualify as a real estate investment trust under the Internal Revenue Code. The net proceeds from the sale of shares will be invested in mortgages, real property and interests in real estate in accordance with the Trust's investment policy. George S. Goodyear is the Trust's promoter and a trustee, and Goodyear Mortgage Corporation, owned by Goodyear, will serve as the Trust's investment advisor and consultant.

GENERAL LEASING ENJOINED. The SEC Fort Worth Regional Office announced February 13 (LR-2507) the entry of a Federal court order (USDC, ND, Texas) permanently enjoining J. B. Collins, doing business as General Leasing Company of Fort Worth, from further violations of the Securities Act registration provisions in the offer and sale of investment contracts in oil and gas leases on land situated in Texas, Kentucky, Oklahoma and Kansas. Collins consented to entry of the injunction.

OVER

GAMBLE-SKOGMO - I.D.S. EXEMPTION APPROVED. The SEC today announced the issuance of a decision under the Investment Company Act (Release IC-3635) granting applications filed by Gamble-Skogmo, Inc. and Investors Diversified Services, Inc., for an exemption from that part of the Act which provides (in the instant case) that if an application filed by Randolph Phillips pursuant to Section 2(9) thereof is not granted or denied by the Commission within 60 days after its filing, the determination sought by the application shall be deemed to have been temporarily granted pending final determination of the Commission thereon. The application of Phillips (a shareholder of Investors Mutual, Inc., Investors Stock Fund, Inc., Investors Selective Fund, Inc. and Investors Variable Payment Fund, Inc.) seeks a Commission determination that Gamble-Skogmo, Inc. and others acting collectively and/or in concert with a so-called "Murchison Group," control or have acquired the power to exercise a controlling influence over the management or policies of Alleghany Corporation and of IDS by virtue of Alleghany's ownership of about 47.5% of the voting securities of IDS. Under the Commission's order, the exemption will remain in effect until May 18, 1963, provided that, upon 10 days' notice to the parties and participants, the Commission may terminate the exemption prior thereto if it deems its continuance not consistent with the standards set forth in the Act. (Motions to dismiss the application for lack of jurisdiction and for other relief now pending before the Commission are scheduled for argument February 19th).

In its decision (written by Commissioner Cohen), the Commission observed that the issues raised by Phillips' application "are important and complex and require full and prompt development of the law and facts;" and it concluded: "In light of the uncertain consequences that would obtain, it would be premature and unfair, at this time and in advance of a resolution of these complex legal and factual matters, to permit the determination sought by Phillips to be deemed to be temporarily granted. An evidentiary record as to the merits of the application is not before us and we have not yet had the benefit of argument on the motions to dismiss. It cannot be argued that all of the issues are so illusory as to warrant summary rejection. Moreover, we must take into consideration the impact of a denial of the exemption here sought upon the relationships between IDS and the mutual funds for which it acts as investment adviser and underwriter in the light of certain of the questions raised by Phillips' application. In the event of such denial, we may anticipate the assertion that the operation of the 60-day provisions would result in a temporary determination on February 18, 1963 that, as Phillips' application alleges, the Gamble Group, either alone or in concert with the Murchison Group, is deemed to be in control of IDS. This might then form the basis for argument that such a change in control is tantamount to transfer of a controlling block of IDS stock, hence an assignment and termination of IDS's investment advisory and underwriting contracts with the four mutual funds. Presumably, such an argument would be made with respect to the period covered by the temporary determination even though we might finally decide to deny, whether on legal or factual grounds, the control determination sought by Phillips."

ELECTRONICS CAPITAL SEEKS ORDER. Electronics Capital Corporation, San Diego closed-end investment company, has applied to the SEC for an order under the Investment Company Act exempting therefrom transactions between affiliated persons incident to a proposed merger of Communications Controls Corporation, a Delaware company, and Dynair, Inc., a California company; and the Commission has issued an order (Release IC-3634) giving interested persons until March 6 to request a hearing thereon.

Communications was organized in 1960 to engage in the development and sale of a system for rapid transmission of business data via telephone lines; and according to the application it has incurred losses of \$327,000 and \$358,000 for years ended July 1961 and 1962, respectively (with liabilities at July 1962 exceeding assets by \$171,681). Dynair was organized in 1957 and is engaged in the manufacture and sale of basic electronic systems and components required in the closed-end circuit television and broadcast television industries. Its net income reflected in the application was \$4,300 in 1962 and \$9,149 for 7 months ended November 1962 (with no provisions for taxes). The outstanding stock of Communications is owned 63.4% by Omar LaHue, its president, 20.9% by Martin L. Klein, and 15.7% by Franklin Electronics, Inc. It also has outstanding two \$100,000 convertible debentures and \$135,000 of notes, all owned by Electronics Capital, which debentures taken together are convertible into 11,000 common shares, or 65.5% of the total outstanding stock of Communications after such conversion (and after issuance of 1,500 shares reserved for stock options). All of the outstanding stock of Dynair is owned by Gary Gramman, its founder and president.

Communications and Dynair have negotiated a merger agreement whereby the latter would merge in Communications as the surviving company. Communications will issue to Gramman upon the merger 65.7% (25,230 shares) of the outstanding stock of the surviving company; and Electronics Capital, incident to the merger, will loan Communications an additional \$65,000. Electronics Capital will then engage in a series of transactions in which it will exchange holdings of the debentures and notes of Communications for about 23% of the stock of the surviving company (plus a \$100,000 convertible debenture). Franklin Electronics, Klein and LaHue will hold the same number of shares in the surviving company as they now hold in Communications, and Gramman will grant to LaHue an option to acquire from him, at a nominal cost, 1,015 shares of the surviving company, increasing LaHue's holdings to 9.7%. According to the application, Electronics Capital considers its entire present investment of \$335,000 in Communications as risk capital, but while it could force a liquidation of that company, there are insufficient assets in Communications to cover Electronics Capital's debt position (a liquidation on December 1, 1962 would enable Electronics Capital to recover only \$179,000).

SECURITIES ACT REGISTRATIONS. Effective February 15: Gateside-Bryn Mawr Co. (File 2-20774); Pacific Petroleum Ltd. (File 2-20994). Effective February 17: H. L. Klion, Inc. (File 2-20873). Withdrawn February 14: Glasco Pacific, Inc. (File 2-20579); Tenna Corp. (File 2-20767). Withdrawn February 15: Pala Productions (File 2-20575).

ORAL ARGUMENTS, THIS WEEK: Selected Securities, Inc., February 19, 2:30 P.M.
Investors Mutual, Inc., et al., February 19, 4:00 P.M.

*As estimated for purposes of computing the registration fee.