

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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(Issue No. 66-67)

FOR RELEASE April 7, 1966

DC REGIONAL OFFICE OF SEC MOVES. The SEC Washington Regional Office will move during the coming week-end to the second floor of the Commission's new office, at 500 North Capitol Street, N. W. The Regional Office will operate from its new quarters commencing Monday, April 11. Its telephone number remains the same, 963-3151 (area code 202). The Divisions of Corporate Regulation and Trading and Markets now occupy the third and fourth floors of the new building.

REHEARING DENIED IN "CITY BANK" CASE. The SEC today announced the issuance of an order (Release IC-4563) denying a petition of the National Association of Securities Dealers, Inc. for rehearing upon the Commission's decision and order of March 9 involving the Commingled Investment Account of the First National City Bank. In that decision, the Commission granted applications of the Bank for exemptions from Sections 10(c) and 10(b)(3) of the Investment Company Act and denied an exemption from Section 10(d)(2) of the Act with respect to the composition of a Committee which would be charged with supervision of the Account to be established by the Bank and registered as an open-end investment company.

The NASD urged that the Commission could not grant the cited exemption unless it was satisfied that the Committee would be vested with the directorial responsibilities contemplated by the Act; and it asserted that the Commission's decision recognized that the directors of the Bank, which will act as investment adviser to the Account, will have the ultimate responsibility for its management and direction and that the investors in the Account, who will vote only for the members of the Committee, will therefore be denied the right to elect the true directors of the Account as required by Sections 16(a) and 18(i) of the Act. This assertion was based on the Commission's finding, in connection with its refusal to grant an exemption from Section 10(d)(2) which would have permitted only one member of the Committee to be unaffiliated with the Bank, that the approval of the Bank's proposal by the banking authorities did not appear to preclude more than one unaffiliated member provided, as stated by the Federal Reserve Board, the Account will "be operated under the effective control of the bank."

The Commission concluded that the NASD contentions, which were in substance the same as or based upon arguments previously presented, were without merit. It saw no inconsistency between the Federal Reserve Board's view that the Account was an arm or department of the Bank for purposes of the Banking Act of 1933 and under the effective control of the Bank, and its own view that for purposes of the Investment Company Act the account was a separate entity whose Committee was subject to applicable provisions of that Act. In assuming that the Committee, at least 40% of whose members must be unaffiliated with the Bank, would discharge its responsibilities under the "securities acts or otherwise," the Commission clearly indicated that in its opinion the banking laws or regulations did not preclude the exercise of such responsibilities.

SKAGIT VALLEY TELEPHONE HEARING POSTPONED. Upon request of Skagit Valley Telephone Company, Mt. Vernon, Wash., the Commission has authorized a further postponement from April 11 to May 2 of the hearing upon that company's application for exemption from the registration requirements of Section 12(g) of the Securities Exchange Act.

CAPITAL FUNDING FILES FOR OFFERING. Capital Funding Corporation, 220 Montgomery St., San Francisco, Calif., filed a registration statement (File 2-24816) with the SEC on April 4 seeking registration of \$500,000 of Programs for the Acquisition of Mutual Fund Shares and Life Insurance. The Programs contemplate that the participant will pay the premiums on life insurance policies with the proceeds of loans from the company secured by the pledge of mutual fund shares purchased by the participant for cash. The maximum sales charge on the purchase of mutual funds offered in a program is 8.3% of the offering price of the shares; insurance commissions, with the American Fidelity Life Insurance Co. are equal to approximately 85% of the first year's premium and 7½% of each of the nine subsequent annual premiums. Federal Security Insurance Co., whose policies will also be offered in the Programs, allow approximately 100% of the first year's premium and 10% for the nine subsequent years. The company and various independent mutual fund dealers and insurance agencies, through whom the Programs also are available, will receive the customary discounts and commissions otherwise payable on the independent sale of mutual funds insurance. The company was organized under Delaware law in January 1966. It intends to enter into selling agreements with the principal underwriters of various mutual funds. The greater part of its sales, however, will be shares of Keystone Custodian Funds. Frank J. McCormack is president.

FIVE STOCK PLANS FILED. Form S-8 registration statements have been filed with the SEC by the following, seeking registration of securities for offering under employee and/or officer stock plans:

American Enka Corporation, Enka, N. Car. (File 2-24818) (307,166 shares)
General Acceptance Corporation, Allentown, Pa. 18101 (File 2-24819) (15,000 shares)
Quaker State Oil Refining Corporation, Box 989, Oil City, Pa. 16302 (File 2-24820) (\$500,000)
National Dairy Products Corporation, 260 Madison Ave., New York, N.Y. (File 2-24821) (500,000 shares)
National Biscuit Company, 425 Park Ave., New York, N. Y. 10022 (File 2-24822) (250,000 shares)

OVER

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the caption of the several items of the form was included in the April 5 News Digest.

Allied Artists Pictures Corp. Jan 66,(8)	1-2965-2	Flour Mills of America, Inc., Jan 66 (6)	1-3253-2
Liberty Life Insurance Co. Mar 66, (11, 13)	2-22118-2	Hazeltine Corp. Amd #1 to 8K for Feb 65 (3)	1-230-2
Ventron Corp., Mar 66, (11,13)	2-9537-2	Amd #1 to 8K for Mar 65 (3)	
Stone Container Corp. Feb 66, (13)	1-3439-2	Amd #1 to 8K for Nov 65 (3)	
Jackson's Minit Markets, Inc. Feb 66, (11)	1-4952-2	Louis Lesser Enterprises, Inc. Amd #1 to 8K for Dec 65 (3)	1-4783-2
Belmont Iron Works, Feb 66, (11)	0-51-2	Allied Artists Pictures Corp., Dec 65 (6,7,8,13)	1-2965-2
Eastern Mass. St. Ry. Co. Mar 66, (6)	1-1563-2	Clarise Sportswear Co., Inc., Jan 66 (11)	2-18533-2
King Bros. Industries Inc. Feb 66,(2,7,13)	0-1801-2	Flour Mills of America, Inc., Jan 66, (6)	1-3253-2
American Business Systems, Inc. May 65 (11)	1-4332-2	Ortronix, Inc. Amd #1 to 8K for Feb 66 (13)	0-1704-2

SECURITIES ACT REGISTRATIONS. Effective April 6: Cutter Laboratories, Inc., 2-24641; Fansteel Metallurgical Corp., 2-24502.
Effective April 7: DeKalb-Ogle Telephone Co., 2-24607 (July 8); Gulton Industries, Inc., 2-24564.
Withdrawn April 6: Kendall Waterflood Unit, Inc., 2-23041.

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

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