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U.S. SECURITIES & EXCHANGE COMMISSION

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December 16, 1974

COMMISSION ANNOUNCEMENTS

DEC 17 1974

PROPOSED MERGER OF CHRISTIANA SECURITIES COMPANY
INTO E. I. DU PONT DE NEMOURS AND COMPANY
APPROVED

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The Commission has approved a proposed merger of Christiana Securities Company into E. I. du Pont de Nemours and Company. The SEC's approval is necessary because Christiana is an investment company and because Christiana and Du Pont are "affiliated" with each other.

The Commission's lengthy opinion began with a brief account of Christiana's history and present situation. In this connection the Commission noted that Christiana was formed in 1915 for the purpose of assuring continued family control of the Du Pont Company and is essentially a receptacle for a massive block of Du Pont Company stock. It is now said that Du Pont is no longer family-controlled. Accordingly, Christiana's managers and Du Pont's managers propose to merge Christiana into Du Pont. Under that proposal each Christiana common share will become 1.123 Du Pont common shares. That ratio involves a 2.5% discount from Christiana's net asset value.

Applicant companies contend that the transaction involves nothing more than a mere exchange of equivalents. Hence no intricate fairness questions are presented. The Commission's Division of Investment Management Regulation agrees and supports the application. But some objecting Du Pont stockholders argue that the terms are unduly favorable to Christiana and that the merger would actually injure Du Pont's stockholders.

The Commission agreed with the objectors that the proposed transaction would be of more benefit to Christiana than to Du Pont. Christiana's benefits stem from the elimination of the 7.2% federal intercorporate income tax that Christiana now pays on the dividend income it gets from Du Pont and from the fact that for many years Christiana's shares, like those of most closed-end investment companies, have sold in the market at a substantial discount from net asset value. The proposed merger would, of course, extinguish the discount.

The Commission described the compensating benefits to Du Pont as "far from awesome." Those benefits stem from the aforementioned 2.5% discount from Christiana's net asset value. Because of that discount the amount of Du Pont stock to be issued to the present Christiana holders will be slightly smaller than the amount of such stock that Christiana now holds. The transaction will reduce the number of Du Pont common shares outstanding by 188,500. That will enhance the book value of each Du Pont share. And, of course, it will also make for an increase in Du Pont's earnings per share. However, those increases will be small. That is so because the number of Du Pont common shares outstanding will be reduced by only four-tenths of one percent.

Applicants claim two additional benefits to Du Pont. One is predicated on the idea that the "dispersal" of Christiana's large block of Du Pont common will be good for Du Pont. The other relates to the fact that Christiana's disappearance would take Du Pont outside the purview of the Investment Company Act.

The Commission found these claims unimpressive. It said:
"It would seem that the dispersal will be formal, not substantive. Today some people own a great deal of Du Pont indirectly through Christiana. Tomorrow those very same people will still own a great deal of Du Pont. But they will own it directly rather than indirectly. What will that change do for Du Pont?"

With respect to Du Pont's argument that Christiana's holdings might have adverse long-run consequences for the Du Pont Company, the Commission stated:

"The argument rests on the possibility of a future clash between the people then in control of Christiana and the people then managing Du Pont. It assumes that in this hypothetical situation the Du Pont managers will be the 'good guys' and the Christiana control group the 'bad guys.' The argument seems far-fetched and rests on premises we

consider unacceptable. Christiana's extinction may well make it somewhat easier for Du Pont's managers to maintain themselves in office. We, however, cannot presume that this will necessarily be in the Du Pont stockholders' interest. And in any event the Investment Company Act was not designed to foster the retention of control by managerial groups. Nothing in it warrants a holding that such control is to be preferred to control by important stockholders."

As for Du Pont's status under the Investment Company Act, the opinion notes: "No showing has been made that the Investment Company Act imposes any really onerous burdens on Du Pont ... no contention has been made that the Act has interfered or is likely to interfere with the company's business. Hence we find it is difficult to view Du Pont's exit from the Act's net as a significant benefit."

In the Commission's view the "striking disparity" between the large benefits to be reaped by Christiana and the far smaller ones that will inure to Du Pont made the case difficult.

The Commission concluded, however, that the governing legal standards required it to approve the application. It held that:

1. "The Act's requirement that the transaction be reasonable, fair, and free from overreaching, does not mean that the benefits to the parties must be nicely balanced. Such a reading would be wholly impractical and would frustrate legitimate arrangements. Some transactions are more important to one side than to the other. This one is of that type. And that does not make it inherently unfair ... Nor does the fact that Christiana has much more at stake than Du Pont mean that the consideration moving from Christiana to Du Pont must be large enough to inflict really substantial detriment on the former."
2. "Christiana is a legal device. Those who invented it did so to serve their own purposes. And they had every right to do that. Now the investors' heirs and successors in interest conclude that the device is obsolete. That is their privilege. Nothing in the Act compels them to pay a high price for exercising it. Only if their decision to dismantle Christiana inflicts cognizable harm on Du Pont and on its stockholders unrecompensed by the proposed discount, can we insist on terms harsher for them than those now before us."
3. "The Du Pont stockholders ... have no property interest in the Christiana stockholders' tax problems."
4. Christiana is now a wholly unnecessary entity. It would therefore be inappropriate for the Commission to insist on its perpetuation. Nor can the Commission properly insist on terms that would lead Christiana's controlling persons to conclude that it was cheaper and better to keep Christiana alive.

The objectors' principal argument was that the merger would depress the price of Du Pont stock. The Commission considered this contention "the crux of the case." In this regard the objectors pointed out that because of tax and other considerations, Christiana's large block of Du Pont stock was for all practical purposes immobilized. They went on to argue that Christiana's dissolution would or could lead to large-scale sales of Du Pont by Christiana's present stockholders. They urged that the Du Pont stockholders be compensated for "the vast and virtually uncontrolled increase in the supply of marketable stock flowing from the merger" and that the Commission impose restrictions on the salability of the new Du Pont shares to be issued by reason of the merger.

The Commission said that it found itself "compelled to discount objectors' market impact worries even more heavily than they would have us discount Christiana's net asset value." Describing the objectors' view of the pricing process as "short-run," the Commission then said: "What we have before us in these proceedings is a proposal for a fundamental corporate readjustment. In that context transitory market phenomena are of secondary significance. We look at the case not from the objectors' tape-watcher perspective, but as a problem in economic realities and business fundamentals." (Rel. IC-8615)

COURT ENFORCEMENT ACTIONS

CAMBRIDGE CAPITAL CORPORATION CITED

The Atlanta Regional Office announced on December 4 the filing of a complaint in the Federal court in Atlanta against Cambridge Capital Corporation, a Georgia corporation engaged in the business of land syndication, Stephen P. Lawson (its president) and eight limited partnerships, seeking an injunction to prohibit violations of the broker-

dealer registration requirements and antifraud provisions of the securities laws. (SEC v. Cambridge Capital Corporation, N.D. Ga., C74-2365A). (LR-6636)

JOHN ELWOOD DENNETT, OTHERS,
ENJOINED

The Fort Worth Regional Office announced that Federal District Court at Dallas, Texas on November 27 entered an order of permanent injunction enjoining John Elwood Dennett of Los Angeles, California, formerly of Salt Lake City, Utah, from violations of the registration and antifraud provisions of the securities laws. In addition, the same court on November 4, 1974 entered an order of permanent injunction by consent against Arthur P. Tranakos, Atlanta, Georgia, enjoining him from violations of the registration provisions. Earlier, on October 11, 1974, the court entered an order of permanent injunction by consent against Harvey Wallace, Plano, Texas, enjoining him from violations of the registration and antifraud provisions of the securities laws. All of these injunctions arose out of the offer and sale of common and preferred stock of Underwriters Investment Company of Dallas, Texas. (SEC v. Underwriters Investment Company, N.D. Tex.). (LR-6637)

HOLDING COMPANY ACT RELEASES

JERSEY CENTRAL POWER & LIGHT COMPANY

An order has been issued authorizing Jersey Central Power & Light Company (Jersey Central), subsidiary of General Public Utilities Corporation, to issue and sell 250,000 shares of cumulative preferred stock through a negotiated public underwriting, with such stock containing a sinking fund provision. (Rel. 35-18712 - Dec. 12)

MISSISSIPPI POWER COMPANY

A notice has been issued giving interested persons until January 9 to request a hearing on a proposal of Mississippi Power Company, subsidiary of The Southern Company, to issue and sell \$14 million of first mortgage bonds at competitive bidding. (Rel. 35-18713 - Dec. 13)

SECURITIES ACT REGISTRATIONS

(S-7) PHILADELPHIA ELECTRIC COMPANY

2301 Market St., Philadelphia, Pa. 19101 - \$100 million of debentures, due 1981, to be sold at competitive bidding to a group of non-affiliated underwriters. The company is a public utility supplying electric, gas and steam service. (File 2-52496 - Dec. 12)

(S-6) MUNICIPAL INVESTMENT TRUST FUND, THIRTY-SECOND MONTHLY PAYMENT SERIES

\$40 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza 165 Broadway, New York, N.Y. 10006. The Fund, a Unit Investment Trust, is to be created by a trust agreement among Merrill Lynch, Bache & Co. Incorporated and Reynolds Securities Inc., as Sponsors, The Bank of New York, as Trustee, and Standard & Poor's Corporation, as Evaluator. The Fund's primary objective is providing tax exempt income through investment in a fixed portfolio of interest-bearing, long-term state, municipal and public authority bonds. (File 2-52498 - Dec. 12)

(S-7) OHIO EDISON COMPANY

47 North Main St., Akron, Ohio 44308 - 400,000 shares of preferred stock, (\$100 par), to be offered for sale by the company at competitive bidding. The company is an electric utility. (File 2-52485 - Dec. 10)

(S-1) CONTINENTAL TELEPHONE COMPANY OF CALIFORNIA

1350 Norris Rd., Bakersfield, Cal. 93308 - \$25 million of first mortgage bonds, Series K, due 1982, to be offered for sale through underwriters represented by E. F. Hutton & Company, Inc. and Drexel Burnham & Co. Incorporated. The Company is a subsidiary of Continental Telephone Corporation. It provides telephone service in various areas of California and portions of Nevada and western Arizona. (File 2-52487 - Dec. 11)

REGISTRATIONS EFFECTIVE

Dec. 13: Avnet, Inc., 2-52434; The Corporate Bond Trust, Series 12, 2-52292; The Dean Witter Tax Exempt Trust, Third Series, 2-52371; First West Virginia Bancorp, Inc., 2-52006; Lonrho Ltd., 2-52438; National Grape Co-operative Association Inc., 2-51825; Pertec Corp., 2-52367; The Plessey Co. Ltd., 2-52412; White Weld Money Market Fund Inc., 2-52235.

REGISTRATIONS WITHDRAWN

Dec. 9: ITOA Industries, Inc., 2-30859 and 2-32767.
 Dec. 10: Consumers First National Corp., 2-49114; Maryland National Corp., 2-50588.
 Dec. 12: Federated Development Co., 2-50436; First Steuben Bancorp, Inc., 2-51771; Mid-Continent, Inc., 2-52354.

RECENT 8K FILINGS

Form 8-K is used by companies to file current reports on the following events:

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| <i>Item 1. Changes in Control of Registrant</i> | <i>Item 9. Options to Purchase Securities</i> |
| <i>Item 2. Acquisition or Disposition of Assets</i> | <i>Item 10. Revaluation of Assets or Restatement of Capital Share Account</i> |
| <i>Item 3. Legal Proceedings</i> | <i>Item 11. Submission of Matters to a Vote of Security Holders</i> |
| <i>Item 4. Changes in Securities</i> | <i>Item 12. Changes in Registrant's Certifying Accountant</i> |
| <i>Item 5. Changes in Security for Registered Securities</i> | <i>Item 13. Other Materially Important Events</i> |
| <i>Item 6. Defaults upon Senior Securities</i> | <i>Item 14. Financial Statements and Exhibits</i> |
| <i>Item 7. Increase in Amount of Securities Outstanding</i> | |
| <i>Item 8. Decrease in Amount of Securities Outstanding</i> | |

The companies listed below have filed 8-K reports for the month indicated and/or amendments to 8-K reports previously filed, responding to the item(s) of the form specified. Copies of the reports may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An invoice will be included with the requested material when mailed.

COMPANY	ITEM NO.	MONTH
ABC FREIGHT FORWARDING CORP	13,14	11/74
ACRITE INDUSTRIES INC	1,3	09/74
ADDRESSOGRAPH MULTIGRAPH CORP	4,14	11/74
ADVANCE CIRCUITS INC	8	11/74
ADVENTURE LANDS OF AMERICA INC	7	11/74
AIRBORNE FREIGHT CORP	NO ITEMS	11/74
AIRCRAFT INSTRUMENT & DEVELOPMENT INC	13	10/74
ALLIED MAINTENANCE CORP	3,14	11/74
ALLIED RESEARCH ASSOCIATES INC	2,3,4,6,7,13	11/74
ALLIED STORES CORP	14	11/74
ALLIED SUPERMARKETS INC	11,13,14	11/74
ALPEX COMPUTER CORP	14	11/74
ALTON BOX BOARD CO	3	11/74
AMERICAN COMMONWEALTH FINANCIAL CORP	3	10/74
ANADITE INC	13	10/74

NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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