

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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FOR RELEASE February 10, 1959

EXEMPTION FOR INTERNATIONAL BANK TRANSACTIONS PROPOSED

The SEC today announced a proposal to adopt a new Rule 144 under the Securities Act of 1933 which would have the effect of providing an exemption from the Securities Act registration requirements with respect to certain transactions by the International Bank for Reconstruction and Development.

The Bank is an international cooperative organization of 66 member countries who constitute its shareholders. It is principally engaged in lending funds to finance development projects in member countries. Borrowers from the Bank may be member governments, political subdivisions or agencies of members, or private enterprises. If a borrower is not the government in whose territory a project is located, a guarantee from that government is required.

Participations offered or sold by the Bank range from \$50,000 per participation to an exceptional \$10,000,000. The average in recent years has been in excess of \$1,000,000. The Bank has advised the Commission that participations are offered and sold only to corporate or other institutional investors who represent a specialized market for securities of this type.

The proposed rule would define the term "transactions by an issuer not involving any public offering," in Section 4(1) of the Act, to include the offering and sale to corporate or institutional investors of participations in loans held by the International Bank for Reconstruction and Development where the participations are arranged separately with each such investor and the investor buys for investment and not with a view to making a distribution.

The proposed rule would also define the term "distribution" in Section 2(11) of the Act as not applying to such transactions by the Bank or by any dealer who is acting on an agency basis pursuant to a written contract with the Bank.

Thus, the offering and sale of such participations would not require prior registration under the Securities Act.

KIMBALL SECURITIES PERMANENTLY ENJOINED

The SEC New York Regional Office announced February 6, 1959 (Release 1399) that Kimball Securities, Inc., Frank S. Kimball, Michael M. Ackman and Joseph C. Kimball had been permanently enjoined (by decree of USDC, SDNY) from further violations of anti-fraud provisions of Federal Securities Laws in offer and sale of common stock of Perry Oil Company, Inc. (formerly Mark, Inc.). The defendants consented to the decree.

SEC COMPLAINT CITES EMPIRE STATE MUTUAL SALES

The SEC NYRO announced February 6, 1959 (Release 1400) the filing of a complaint (USDC, SDNY) seeking to enjoin Empire State Mutual Sales, Inc., 165 Broadway, New York, Lowell Messer, its president, and Morton Berger and Mollie Messer, directors, from further violations of the SEC Net Capital and related rules.

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For further details, call ST. 3-7600, ext. 5526

SEC ORDER PERMITS REMINGTON ARMS EMPLOYEE BORROWINGS

The SEC has issued an exemption order under the Investment Company Act (Release 40-2826) permitting Remington Arms Company, Inc., Bridgeport, Conn., to make loans from time to time to its employees. Because of intercompany affiliations with registered investment companies (Delaware Realty and Investment Company and Christiana Securities Company), such loans are prohibited by the Act unless an exemption order is issued by the Commission. Remington Arms wishes to be in a position to make loans to employees from time to time for such purposes as unexpected medical expenses, home repairs, or home financing and moving expenses arising when they are transferred to a new area.

FEES CLEARED IN MILWAUKEE GAS LIGHT FINANCING

The SEC has issued an order under the Holding Company Act (Release 35-13915) permitting the payment of \$5,050 of legal and other expenses in connection with the issuance and sale of \$15,000,000 of notes to banks last Fall by Milwaukee Gas Light Company.

VICKERS HEARING POSTPONED

The SEC has granted a request of Vickers Brothers, 37 Wall Street, New York, for postponement of the hearing scheduled for 2:30 P.M. this date on the question whether, pursuant to Section 15(b) of the Securities Exchange Act of 1934, it is necessary or appropriate in the public interest or for the protection of investors to suspend that firm's broker-dealer registration pending final determination by the Commission whether such registration should be revoked.

The proceedings were ordered by the Commission on December 15, 1958 (See Release 34-5836). The original order alleged that the Vickers firm and its partners had "engaged in acts, practices and a course of business which operated as a fraud and deceit upon certain customers," including the conversion of customers' securities to the use and benefit of the firm and its partners without the knowledge and consent of the customers.

The Vickers firm had submitted an offer of settlement of the broker-dealer proceedings and requested a postponement of the hearing. The Commission has continued the hearing to February 17, 1959 at 2:30 pending consideration of said offer.

SEC ORDERS HEARING ON UNION ELECTRIC PROXY SOLICITATIONS

The SEC today announced (Release 35-13916) that a hearing would be held on March 2, 1959, with respect to any and all proposals for the solicitation of proxies from stockholders of Union Electric Company, of St. Louis, Mo.

According to the order, Union Electric has submitted to the Commission ten proposals from two of its stockholders (Nancy Corinne Dyer and J. Raymond Dyer) for inclusion in Union Electric's proxy statement. Union Electric has been advised that it is the intention of these stockholders to present these ten proposals for action at the April 20, 1959, annual meeting of Union Electric stockholders. Union Electric has further advised the Commission that, in accordance with provisions of the Commission's proxy rules, it proposes to omit nine of the ten proposals from its proxy statement.

In view of the fact that the request of the Dyers and Union's proposed action with respect thereto may present questions of law and fact under standards of the Holding Company Act; and it further appearing, therefore, that it is appropriate in the public interest that there shall be no solicitations of proxies to be voted at the said Union Electric stockholders meeting, except in compliance with Section 12(e) of the Act and SEC Rule U-62 thereunder; the Commission has issued an order prohibiting Union Electric and all other persons from soliciting proxies in respect of such meeting, except pursuant to a declaration filed pursuant to Rule U-62 and permitted by the Commission to become effective. Any such declaration filed with the Commission will be considered at the March 2nd hearing.

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YANKEE ATOMIC FILES FINANCING PROPOSAL

Yankee Atomic Electric Company, of Boston, has joined with certain of its associated companies in the filing of a proposal under the Holding Company Act for the further financing by Yankee Atomic of its construction program; and the SEC has issued an order (Release 35-13917) scheduling the proposal for hearing on February 26, 1959.

Organized in 1954, Yankee has undertaken the construction of a 134,000 Kw nuclear power plant, scheduled for completion in 1960, the entire net electrical output of which will be sold to a group of New England utility companies which are Yankee's stockholders. The plant's total capital requirements, including working capital, are estimated at \$57,000,000, of which \$20,000,000 is to be supplied in the form of common stock by Yankee's stockholder companies. Of such \$20,000,000 par amount of common stock, the issuance and sale of \$13,000,000 par amount has heretofore been authorized by the Commission.

Under its financing proposal, Yankee proposes to issue and sell an additional 70,000 shares of common stock to its stockholder companies for \$7,000,000; to issue and sell \$20,000,000 of first mortgage bonds to a group of ten insurance companies; and to issue and sell \$17,000,000 of unsecured promissory notes to The First National Bank of Boston.

The eleven stockholder companies will acquire the additional stock in the proportions corresponding to their present holdings. Four of such companies have applied to the Commission for approval of their purchases, as follows: New England Power Company, \$2,100,000; Western Massachusetts Companies, \$490,000; Public Service Company of New Hampshire, \$490,000; and Montaup Electric Company, \$315,000. The other purchasers, whose acquisitions are not subject to SEC approval under the Holding Company Act, are The Connecticut Light and Power Co., \$1,050,000; Boston Edison Co., \$665,000; Central Maine Power Co., \$665,000; The Hartford Electric Light Co., \$665,000; New Bedford Gas and Edison Light Co., \$175,000; Cambridge Electric Light Co., \$140,000, and Central Vermont Public Service Corp., \$245,000.

STANDARD SECURITY LIFE PROPOSES OFFERING

Standard Security Life Insurance Company of New York, 221 West 57th St., New York City, filed a registration statement (File 2-14735) with the SEC on February 9, 1959, seeking registration of 200,000 shares of its Common Stock, to be offered for public sale at \$7.50 per share with a 60¢ per share commission to the underwriters, headed by Ira Haupt & Co. and Savard & Hart.

Net proceeds estimated at \$1,348,600 will be added to the company's general funds and will be invested initially in income producing securities as authorized by the New York insurance law, and thereafter will be used to finance the company's operations, set up proper reserves for business to be written and enable the company to engage in its anticipated sales effort.

The company was organized in June 1957 under the name American Security Life Insurance Company of New York with power to write life insurance annuities and accident and health insurance. Its present name was adopted in August 1958. It is licensed by the New York Insurance Department to transact the kinds of business for which it is organized, but has written no insurance to date and does not intend to sell any policies of insurance until after the completion of this financing.

The company now has outstanding 53,434 common shares and 150,000 shares of Class A stock. The directors have purchased all of the common shares at \$7.50 per share and 138,000 of the Class A shares at \$2 per share. The two named underwriters have purchased the remaining 12,000 Class A shares at \$2 per share. The prospectus lists Michael H. Levy as president. He is also listed as the owner of 71,927 Class A shares (47.9%).

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Eaton & Howard Balanced Fund, Boston investment company, filed an amendment on February 9, 1959 to its registration statement (File 2-11418) seeking registration of an additional 100,000 shares of \$1 par common stock.

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NORTHERN INDIANA PUBLIC SERVICE PROPOSES BOND OFFERING

Northern Indiana Public Service Company, 5265 Hohman Avenue, Hammond, Ind., today filed a registration statement (File 2-14736) with the SEC seeking registration of \$25,000,000 of First Mortgage Bonds, Series J, due January 15, 1989, to be offered for public sale at competitive bidding.

Net proceeds of the bond sale will be added to working capital for ultimate application to the cost of gross additions to the utility properties of the company including prepayment of bank loans made to provide funds for purposes of the construction program. It is expected that at the time of completion of the sale by the company of the Series J Bonds such loans will aggregate \$12,000,000.

The company carries on a continuous construction program, the nature and extent of which are based upon current and estimated future loads of the system. The program is subject to continuous review and revision to the extent necessary to meet changing conditions and variations in prices and delivery schedules. The company estimates that its construction program will require expenditures of approximately \$37,000,000 in 1959, and \$27,000,000 in 1960, a total of \$64,000,000.

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