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 December 15, 1960

G. J. MITCHELL, JR. CO. SUSPENDED FROM NASD. In a decision announced today (Release 34-6433), the SEC ordered the 15-day suspension of G. J. Mitchell, Jr. Co., of 729 15th St., N. W., Washington, D. C., from membership in the National Association of Securities Dealers, Inc., effective December 19, 1960, for use of misleading sales literature in the sale of certain life insurance stocks and for failure to comply with the prospectus requirements in certain other sales literature.

The company and its president and controlling stockholder, George J. Mitchell, Jr., conceded the violations and consented to a suspension from the NASD for not to exceed 45 days; but they urged various mitigating circumstances in support of suspension for a lesser period. The Commission concluded that the 15-day suspension was "sufficient in the public interest."

According to the Commission's decision, the Mitchell company distributed certain sales literature as part of a campaign to sell life insurance company stocks and which included references to the very substantial appreciation in the investment in other insurance company stocks and suggestions that an investment in the stock of life insurance companies was not only safe but was certain to appreciate substantially over a period of years. This literature was considered by the Commission to be misleading as part of a campaign to sell particular life insurance company stocks (which constituted about 45% of the firm's total sales transactions), particularly where enclosed with a brochure on United American Life Insurance Company, referred to as "a dynamic young insurance company" whose stock was then being offered. This brochure, while commenting favorably on that company's performance in the writing of new insurance and its future prospects, failed to disclose that it had sustained operating losses in its four years of operation. While it is not unusual for new insurance companies to show losses for the first few years of operation, such fact did not relieve the company from the obligation to disclose the losses in view of the firm's recommendation of the company, according to the decision.

Violation of the prospectus requirements related to a proposed offering of stock of Aviation Employees Corporation (which had a life insurance subsidiary), for which a registration statement was filed in February 1960 and the Mitchell company was to have served as a co-underwriter (but later withdrew). While this statement was pending, the Mitchell company distributed certain of its general sales literature on insurance company stocks. This was construed by the Commission to constitute an offer of the Aviation stock which did not comply with the Securities Act prospectus requirements.

Among the mitigating circumstances adverted to were the fact that the Mitchell company has already been severely penalized as a consequence of these proceedings, its voluntary cessation of life insurance stock advertising and sales promotion, and its undertaking to obtain advice of counsel on all aspects of its future activities.

TWO FIRMS SUSPENDED. The SEC has issued an order suspending the broker-dealer registrations of Batten & Co., Inc., and Mutual Funds of America, Inc., both of 1835 K Street, N. W., Washington, D. C., pending final Commission determination of the question whether their registrations should be revoked. Both firms consented to the suspension order.

The proceedings involve the question (among others) whether Batten & Co. violated the Federal securities laws in connection with its transactions in the common stock of Saber Boat, Inc. Frank L. Batten, its presiden and principal stockholder, is also president and principal stockholder of Mutual Funds. In consenting to the suspension order, the two firms stipulated and agreed "that there were probably violations of the registration and record-keeping provisions specified in the orders for proceedings . . "

TWO STOCKS DELISTED. The SEC has issued orders (Release 34-6437) granting applications of the New York Stock Exchange to delist the 6% Cumulative Preferred Stock of Consolidated Railroads of Cuba and the 6% Non-Cumulative Preferred Stock of The Cuba Railroad Company, effective at the close of the trading session on December 28, 1960, due to the fact that transfer agents for the two issues are no longer maintained in New York City

ANNOUNCEMENT ON BASIC INC. CLARIFIED. On December 7th it was announced (Release 34-6429) that the Commission had granted an application of the Midwest Stock Exchange to delist the common stock of Basic Incorporated. The said stock is listed and registered on the New York Stock Exchange.

OVER

ROWE PRICE NEW HORIZONS FUND RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release 40-3155) permitting Rowe Price New Horizons Fund, Inc., newly-organized investment company with offices in Baltimore, to offer its shares to the public, without a sales load, at an offering price equal to the net asset value thereof, until its total assets shall for the first time aggregate $10,000,000 or on January 1, 1962, whichever is earlier, at which time the company will become an open-end investment company and assume the obligation to accept outstanding shares presented for redemption at net asset value less a charge not in excess of 1%.

TEMPLETON, LIDDELL & SCHROEDER FUND FILES FOR OFFERING. Templeton, Liddell & Schroeder Fund, Inc., 163 Engle Street, Englewood, New Jersey, filed a registration statement (File 2-17378) with the SEC on December 12, 1960, seeking registration of 200,000 shares of capital stock, to be offered for public sale at the current net asset value of such shares.

The Fund is an open-end, non-diversified investment company organized under New Jersey law. Templeton, Dobbrow & Vance, Inc. is listed as the Fund's investment adviser and John M. Templeton as president. The Fund has outstanding 2,230 shares of capital stock, of which all officers and directors own 250 shares.

MISSISSIPPI POWER PROPOSES ACQUISITION. Mississippi Power Company, Gulf Port, Miss., has applied to the SEC under the Holding Company Act for authorization to purchase stock of Mississippi Business and Industrial Development Corporation; and the Commission has issued an order (Release 35-14333) giving interested persons until December 28, 1960, to request a hearing thereon.

The Development Corporation is currently in the process of organization and of raising its capital and other working funds. It was incorporated in May 1960 under The Mississippi Business Development Corporation Act and proposes to promote and assist in the location of new business and industry and the expansion of rehabilitation of existing industry in Mississippi. Mississippi Power proposes to subscribe for and acquire not in excess of 5,500 shares of its $10 par common stock at the subscription price of $10 per share, which will represent about .5% of the total authorized amount of such stock and 5.5% of the amount to be initially outstanding.

PEOPLES NATURAL GAS ACQUISITION PROPOSED. Consolidated Natural Gas Company, New York holding company, has joined with its subsidiary, The Peoples Natural Gas Company, of Pittsburgh, Pa., in the filing of a proposal with the SEC under the Holding Company Act for the acquisition by Peoples of the assets and assumption of the liabilities of The Union Heat and Light Company; and the Commission has issued an order (Release 35-14334) giving interested persons until December 28, 1960, to request a hearing thereon.

Union is a comparatively small gas utility company whose operations are conducted entirely in the State of Pennsylvania (in portions of the counties of Lawrence, Mercer, Venego and Butler). It has 4,441 shares of stock outstanding, of which 4,436 shares are held by Oil City National Bank and others, as trustees, and the remaining 5 shares by one of the beneficiaries of the trust. Under the proposal, Consolidated will issue and sell to Union 23,000 shares of Consolidated's capital stock, par value $10 per share. For purposes of the plan these shares were valued at $45 per share or an aggregate value of $1,035,000. The shares of Consolidated stock will be distributed by Union to its stockholders and Union will dissolve. Peoples proposes to acquire all the assets of Union and assume all its liabilities including bank notes which, at September 30, 1960, amounted to $88,050. In this connection Peoples proposes to issue and sell, and Consolidated proposes to acquire, 10,350 shares of Peoples' capital stock, par value $100 per share, or an aggregate par value of $1,035,000.

WOLLARD AIRCRAFT SERVICE EQUIPMENT FILES FOR OFFERING. Wollard Aircraft Service Equipment, Inc., 2963 N.W. 79th Street, Miami, Fla., filed a registration statement (File 2-17379) with the SEC on December 14, 1960, seeking registration of 135,000 shares of common stock, to be offered for public sale at $4.00 per share with a 60¢ per share commission to underwriters headed by Amos Treat & Co., Inc. The prospectus also includes 13,500 shares sold at 1¢ per share to Amos S. Treat by the company's principal stockholder, Joseph C. Wollard, who also sold 10,500 shares to Earl J. Wofsey and Norman Scherwood at the same price as a finder's fee and, 2,500 shares sold at the same price to George H. DeCarion, counsel.

The company is engaged in the manufacture and sale of a wide variety of ground, field and hangar equipment used to service commercial and military aircraft. Of the $419,000 estimated net proceeds from the stock sale, $260,000 will be used for a proposed new plant, $58,500 for new machinery, $8,000 for moving expenses, and the balance will be added to the general funds as working capital.

In addition to certain indebtedness, the company has outstanding 192,500 shares of common stock, of which Wollard, company president, owns 166,000 shares.

UNITED FINANCIAL FILES FOR OFFERING AND SECONDARY. United Financial Corporation of California, 439 South La Brea Avenue, Inglewood, Calif., filed a registration statement (File 2-17380) with the SEC on December 14, 1960, seeking registration of 600,000 shares of capital stock, of which 50,000 shares are to be offered for public sale by the company and 550,000 shares, being outstanding stock, by the present holders thereof. Lehman Brothers is listed as the principal underwriter. The public offering price and underwriting terms are to be supplied by amendment.

CONTINUED

The company was organized under Delaware law in May 1959, and its business consists principally of owning the stocks of two California savings and loan associations, United Savings and Loan Association of Inglewood and Rio Hondo Savings and Loan Association. It also operates an insurance agency for fire and related coverage normally required for protection of lenders in real estate transactions, including the insurance agency business formerly conducted by a wholly owned subsidiary, Tested Insurance Agency, prior to September 1960 when it was merged into the company. The company received 87.26% of United's stock in exchange for 1,432,750 shares of capital stock; the business of three partnerships engaged in the insurance agency business and all of the outstanding stock of Tested Insurance were acquired in exchange for 238,758 shares; and all of the stock of Rio Hondo was acquired for $1,250,000 principal amount of 5% notes. On September 23, 1960 the company acquired 130 additional shares of United stock for $143,000, increasing the percentage thereof owned to 89.24%.

Of the 1,432,750 shares of the Company's Capital Stock issued in exchange for guarantee stock of United, H. F. Ahmanson & Company received 1,042,750 shares. California Commerce Company, a limited partnership, received 90,000 shares of Capital Stock of the company in exchange for guarantee stock of United and 161,551 of such shares on the sale of its insurance agency business to the company. Individual members of the Ahmanson family, either directly or through partnerships or corporations in which they own the beneficial interest, received 90,259 additional shares of the Company's Capital Stock. The above direct and indirect acquisitions thereof by the Ahmanson family amounted to 1,384,560 shares or approximately 82.8%. The remaining shares were acquired by 12 other persons, substantially all of whom were associated with or employed by one or more of the businesses controlled directly or indirectly by H. F. Ahmanson, but were not members of the Ahmanson family.

The net proceeds from the sale of additional stock by the company will be added to the general funds and be available for general corporate purposes. In addition to certain indebtedness, the company has outstanding 1,380,504 shares of capital stock. The prospectus lists 23 selling stockholders. The amount of shares owned and proposed to be sold by each is to be supplied by amendment. William H. Ahmanson is listed as board chairman and M. D. Jameson as president.

TEXAS POWER & LIGHT PROPOSES BOND OFFERING. Texas Power & Light Company, Fidelity Union Life Building, 1511 Bryan Street, Dallas, Texas, today filed a registration statement (File 2-17382) with the SEC seeking registration of $12,000,000 of First Mortgage Bonds, Series due 1991, to be offered for public sale at competitive bidding. The net proceeds from the bond sale, together with funds derived from operations, will be used to cover estimated construction expenditures for 1961 and part of 1962 and for other corporate purposes, including the repayment of $4,500,000 of short-term loans from Texas Utilities Company (parent) borrowed for such purposes. The company's construction program cost $17,000,000 in 1960 and is expected to cost $21,300,000 in 1961 and $24,400,000 in 1962.

OTTER TAIL POWER PROPOSES BOND OFFERING. Otter Tail Power Company, 215 South Cascade Street, Fergus Falls, Minn., today filed a registration statement (File 2-17381) with the SEC, seeking registration of $7,000,000 of First Mortgage Bonds, Series of 1991, to be offered for public sale at competitive bidding. The net proceeds from the sale of bonds will be applied to payment of $4,134,000 of short-term bank loans incurred in 1959 and 1960 as temporary financing for the company's construction program and to the future cost of the construction program. The company spent $11,500,000 in 1959 and 1960 for additions to its public utility properties and estimates that it will spend $4,500,000 for construction during 1961-1964.

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