

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

brief summary of financial proposals filed with and actions by the S.E.C.



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TERMS DEFINED FOR OVER-THE-COUNTER REGISTRANTS. The SEC today announced the adoption of new Rules 12g5-1 and 12g5-2 under the Securities Exchange Act (Release 34-7492) defining the terms "held of record" and "total assets", respectively, as they apply to companies whose securities are traded over-the-counter and which may be subject to the registration requirements of the Securities Acts Amendments of 1964. As amended by that law, Section 12(g)(1) of the Exchange Act requires an issuer with total assets in excess of \$1,000,000 to register each class of non-exempt equity security which is held of record by 750 or more persons at a fiscal year end after July 1, 1964 and each such class held of record by 500 or more persons at a fiscal year end after July 1, 1966. Section 12(g)(4) provides for termination of registration of a class of equity security 90 days, or such shorter period as the Commission may determine, after the issuer files a certification with the Commission that such class of equity security is held of record by less than 300 persons. A similar provision is contained in amended Section 15(d) of the Act which suspends the obligation to file reports thereunder when each class of securities to which a registration statement under the Securities Act of 1933 relates is held of record by less than 300 people.

The new Rule 12g5-1 includes as a separate holder each person identified on records maintained in accordance with accepted practice as the owner of the security. Securities held of record by a corporation, partnership, trust or other organization, as well as securities held by one or more fiduciaries for a single trust, estate or account shall be counted as a single record holder. The rule further provides, among other things, that securities held of record by two or more persons as co-owners shall be deemed to be held by one person; and securities held, to the knowledge of the issuer, subject to a voting trust, deposit agreement or similar arrangement are deemed to be held of record by the record holders of the certificates or other evidences of interest issued under such arrangements. The Commission has determined not to adopt at this time the provision that securities registered in the name of a broker, dealer, or bank or nominee for any of them, and held in customers' accounts, shall be counted as held of record by the number of separate accounts for which the securities are held.

Rule 12g5-2 defines "total assets" to mean the total assets as shown on the issuer's balance sheet or as shown in the balance sheet of the issuer and its subsidiaries consolidated, whichever is larger. Such balance sheet is to be prepared as required by the appropriate registration form and the pertinent provisions of Regulation S-X, which requires the deduction of valuation and qualifying reserves from the specific assets to which they apply.

UNLISTED TRADED RULES AMENDED. The SEC has adopted an amendment to its Rule 12f-4 under the Securities Exchange Act (Release 34-7491) with respect to exemptions from Sections 13, 14 and 16 of the said Act for issuers having securities admitted only to unlisted trading privileges on a national securities exchange. The amendment was necessitated by reason of technical amendments contained in the Securities Acts Amendments of 1964, particularly as applied to companies whose securities are admitted to unlisted trading privileges on an exchange and which have filed periodic reports with the Commission pursuant to Section 15(d) of the Exchange Act by reason of an effective Securities Act registration statement which proposed the public offering of securities. The amendment to Rule 12f-4 has the effect of requiring the continued filing of periodic reports by such companies pursuant to Section 13 of the Exchange Act.

EFFECTIVE DATE OF REGISTRATIONS CLARIFIED. The SEC today announced the adoption of a new Rule 12b-6 under the Securities Exchange Act (Release 34-7500) to make clear that securities are not deemed "registered" under that Act (a) with respect to an issuer's application under Section 12(b) to list its shares on an exchange -- until 30 days after the exchange certifies to the Commission that the security has been accepted for listing and registration; and (b) with respect to the registration of shares traded over-the-counter pursuant to Section 12(g) of the Act (as amended by the Securities Acts Amendments of 1964) -- until 60 days after the issuer has filed its registration statement with the Commission. The effective date of registration under either Section may be accelerated by the Commission, on request. The new rule has the effect of clarifying the applicability of Sections 13 and 15(d) of the Exchange Act (periodic reporting), Section 14 (proxy soliciting) and Section 16 (insider trading), namely, that they are applicable when the securities are registered (not when the initial filing is made). With respect to insider-trading reports, Instruction 2 to the initial Form 3 report provides that they need not be filed until 10 days after registration becomes effective, although such reports must include all equity securities which are beneficially owned on the effective date.

COMPLAINT CITES BROADWALL SECURITIES, PRESIDENT AND OTHERS. The SEC New York Regional Office announced December 29 (LR-3119) the filing of a complaint (USDC SDNY) seeking to enjoin Broadwall Securities, Inc. (New York City), its president, Arnold Mahler (Flushing, New York), and three of its salesmen, Jack Einiger (Brooklyn, N. Y.), Alexander Lapidus (New York) and Stanley Miller (Rego Park, N. Y.) from further violations of the anti-fraud provisions of the Federal securities laws in the sale of common stock of The Coast to Coast Co., Inc.

OVER

MUCHOW SENTENCED. The SEC Chicago Regional Office announced December 30 (LR-3120) that William Mark Muchow was given a 5-year prison sentence (USDC ND Ill.), following the entry of an order finding him guilty on a 17-count indictment charging violations of the anti-fraud provisions of the Securities Act and of the Mail Fraud Statute. The sentence was suspended, and Muchow was placed on probation for 5 years.

BOSTON CO. FILES EXCHANGE PROPOSAL. The Boston Company, Inc., 100 Franklin St., Boston, filed a registration statement (File 2-23066) with the SEC on December 31 seeking registration of 96,522 shares of Class A common stock and 289,566 shares of Class B common stock. The shares are to be offered in exchange for outstanding capital shares of Boston Safe Deposit and Trust Company ("BSD&T"), at the rate of one Class A and three Class B shares for each outstanding share of BSD&T. Organized under Massachusetts law in November 1964, the company will seek to acquire by means of the exchange offer, 80% or more of the capital stock of BSD&T. The business of the latter is concentrated primarily in the fields of investment and property management and other fiduciary services identified with personal trust business. The company has outstanding 125 Class A and 375 Class B shares, which were purchased at \$50 per share by Ralph Lowell and William W. Wolbach board chairman and president, respectively, of both companies.

CAPITAL BANCSHARES FILES FOR OFFERING AND SECONDARY. Capital Bancshares, Inc., 117 N. E. First Ave., Miami, Fla., filed a registration statement (File 2-23067) with the SEC on January 4 seeking registration of 373,333 shares of common stock. Of this stock, 330,000 shares are to be offered for public sale by the company and 13,333 shares (being outstanding stock) by Canaveral Utilities & Development Corporation. The offering is to be made through underwriters headed by Clayton Securities Corporation, 147 Milk St., Boston; and the public offering price (\$11 per share maximum*) and underwriting terms are to be supplied by amendment. The company has granted the underwriters an option to purchase the remaining 30,000 shares. The underwriting agreement further provides that the company will pay the underwriters the sum of \$25,000 for their expenses, plus the amount of their counsel's fee (up to \$15,000).

Organized under Florida law in January 1964, the company is primarily engaged in the banking business through a majority-owned subsidiary bank, Capital National Bank of Miami, of which it owns approximately 57% of the outstanding capital stock. It also owns approximately 22% of the outstanding capital stock of Capital National Bank of Tampa. The company, among other things, renders management services to the Miami bank and provides consulting services to the Tampa bank. Of the net proceeds from its stock sale, approximately \$2,300,000 will be used to retire debt incurred in connection with the acquisition of the Miami bank, and approximately \$200,000 will be used to pay debt incurred to acquire shares of the Tampa bank. The balance will be added to general funds. In addition to indebtedness, the company has outstanding 220,000 common shares, of which management officials own 28% and Capital Exchange Corporation owns 24%. Of the company's outstanding stock, 188,153 shares were issued in exchange for stock of the Miami and Tampa banks. Capital Exchange sold, on behalf of the company, 17,267 company shares at \$7.50 per share from July through October 1964. Canaveral Utilities & Development (the selling stockholder) is offering its entire stock holdings, which it acquired from the company in consideration for its stock interest in the Miami bank. S. Mort Zimmerman is board chairman and president of the company and of Capital Exchange.

CHRISTIANA-GENERAL MOTORS EXCHANGE PLAN FILED. General Motors Corporation, 1775 Broadway, New York, today filed a registration statement (File 2-23068) with the SEC seeking registration of 8,400,000 outstanding shares of common stock. This stock is to be offered by Christiana Securities Company (the present holder thereof) in exchange for its own shares, at the rate of 3-1/4 General Motors shares for each Christiana share held on January 4, 1965. According to the prospectus, the exchange proposal is a result of a final judgment entered on May 1, 1962 ordering, among other things, that Christiana divest itself by May 1, 1965 of all General Motors shares then owned and any of such shares received as a result of the divestiture of General Motors common stock by Du Pont, which divestiture was also ordered by the judgment. Christiana received 18,247,283 shares of General Motors common stock as a result of the du Pont divestiture, now completed, and has divested itself of 9,882,420 of the shares by means of pro rata distributions to Christiana common stockholders and sales through public offerings. Of the 8,900,363 General Motors shares now owned by Christiana, approximately 500,000 shares are to be sold by May 1, 1965 to raise funds to pay Federal income taxes incurred by reason of the receipt of the General Motors shares from du Pont.

In addition to indebtedness and preferred stock, General Motors has outstanding 287,003,555 common shares, of which management officials own 1.1%. Frederic G. Donner is board chairman of General Motors and Alfred P. Sloan, Jr., is honorary chairman. John F. Gordon serves as president.

CHRISTIANA SEEKS ORDER. Christiana Securities Company, Wilmington, Del., investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its offer of common stock of General Motors Corporation in exchange for its common stock (see above); and the Commission has issued an order (Release IC-4129) giving interested persons until January 25, 1965, to request a hearing thereon.

SECURITIES ACT REGISTRATIONS. Effective January 5: B. Brody Seating Co. (File 2-22977); Effective January 4: Tandy Corp. (File 2-22991).

*As estimated for purposes of computing the registration fee.

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