

# 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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Washington 25, D.C.

FOR RELEASE November 10, 1960

SEC RECOMMENDS COURT APPROVAL OF MAGIC MOUNTAIN PETITION FOR REORGANIZATION. The SEC on November 9, 1960, urged that the petition of Magic Mountain, Inc., for reorganization under Chapter X of the Bankruptcy Act should be approved by the United States District Court in Denver. The Commission's statement was made in objections which it filed to the report of referee Benjamin C. Hilliard, Jr., who had recommended that the petition for reorganization be dismissed. In seeking the approval of the petition of Magic Mountain, Inc., the Commission called the attention of the court to the fact that the interests of 12,000 stockholders are at stake. The Commission stated that "nothing is more demonstrative of the need for reorganization" than the possibility that these stockholders might be wiped out by the many pending foreclosure actions. The Commission also stated that the report of the referee was "clearly erroneous" in many other respects. It urged that a disinterested trustee be appointed to determine whether the corporation can be reorganized and to investigate the conduct of the debtor's management of corporate affairs. (NOTE TO PRESS. Copies of foregoing also available in SEC Denver Office)

GULF & WESTERN INDUSTRIES FILES STOCK PLAN. Gulf & Western Industries, Inc., Century Building, Houston, Texas, filed a registration statement (File 2-17283) with the SEC on November 9, 1960, seeking registration of \$1,000,000 of participations in a stock purchase plan for employees of the company and its subsidiaries.

AMERICAN ELECTRIC POWER PROPOSES STOCK DIVIDEND. American Electric Power Company, Inc., New York holding company, has applied to the SEC under the Holding Company Act for an order authorizing the company to declare a stock dividend at the rate of one share on each 40 shares of \$10 par value common stock outstanding, payable January 10, 1961, to holders of record on December 9, 1960. The Commission has issued an order (Release 35-14308) giving interested persons until November 28, 1960, to request a hearing on the proposal.

As of September 30, 1960, the earned surplus of American was \$72,451,491. American has outstanding at this time 21,369,889 shares of common stock with a par value of \$10 per share or an aggregate of \$213,698,890. If the maximum number of shares are issued, the stock dividend will involve the issuance of 534,247 shares and will bring the total number of shares to 21,904,136 with an aggregate par value of \$210,041,360.

RAILWAY AND UTILITIES INVESTING CORP. EXEMPTED. The SEC has issued an order (Release 40-3138) declaring Railway and Utilities Investing Corp., Newark, N. J., to have ceased to be an investment company within the meaning of the Investment Company Act. Shareholders of the company voted its dissolution in 1956.

HAZEL BISHOP HEARING POSTPONED. At the request of counsel for Hazel Bishop, Inc., of New York City, the SEC has authorized a further postponement from November 10 to November 15, 1960, of the hearing in the proceedings under the Securities Act of 1933 to determine whether a stop order should be issued suspending a registration statement filed by Hazel Bishop. The postponement was requested in order to afford further opportunity for counsel for the company and the SEC staff to negotiate a factual stipulation which would avoid the necessity for an evidentiary hearing.

LAKE CENTRAL AIRLINES FILES FOR OFFERING. Lake Central Airlines, Inc., Weir Cook Municipal Airport, Indianapolis, Indiana, filed a registration statement (File 2-17284) with the SEC on November 9, 1960, seeking registration of 130,000 shares of \$20 par Convertible Preferred Stock, to be offered for public sale through a group of underwriters headed by William Blair & Company. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the transportation by air of passengers, property and mail now serving 33 cities through 29 airports in Indiana, Ohio, Michigan, Illinois, Pennsylvania and New York. It is anticipated that the company will be authorized to extend its service into Washington and Baltimore, adding 15 new cities to its system. The net proceeds from the sale of preferred stock and \$3,000,000 from an equipment loan from The Indiana National Bank of Indianapolis will be used as follows: \$1,905,000 for the purchase of 5 Convair 340 aircraft, including modification and spare parts (the balance due on the purchase price of \$2,850,000); \$800,000 for the purchase of 10 DC-3 aircraft including modification and spare parts; \$350,000 for the purchase of ground equipment; \$250,000 for pre-operating and training expense in connection with new aircraft and additional service

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facilities; \$500,000 for the repayment of an outstanding mortgage note; \$845,000 for the repayment of outstanding interim equipment notes; and \$650,000 for additional working capital.

In addition to the said notes, the company has outstanding 187,254 shares of common stock, of which M. M. ErSelcuk, a director, owns 19,469 shares (10.4%), and management officials as a group own 69,440 shares (37%). The prospectus lists Joseph J. O'Connell, Jr. as board chairman and Gwin Hicks as president.

JOCELYN-VARN PROPOSES OFFERING. Jocelyn-Varn 1961 Oil and Gas Associates, 310 KFH Building, Wichita, Kansas, filed a registration statement (File 2-17285) with the SEC on November 9, 1960, seeking registration of \$1,500,000 of Oil and Gas Exploration Agreements. The prospectus states that, except in special circumstances, Jocelyn-Varn will not accept any participation of less than \$20,000 and that participations in larger amounts will be in multiples of \$5,000. Amounts paid for such participations are intended to cover acquisition costs of property interests; the drilling, completing and equipping of certain wells; and certain other expenses as set forth in the 1961 exploration agreement. Jocelyn-Varn will receive a 30% interest in each property after the participants have recovered from production all their costs on such property.

POTOMAC ELECTRIC POWER PROPOSES BOND OFFERING. Potomac Electric Power Company, 929 E Street, N. W., Washington, D. C., today filed a registration statement (File 2-17286) with the SEC, seeking registration of \$40,000,000 of First Mortgage Bonds, due 1995, to be offered for public sale at competitive bidding. Of the net proceeds from the sale of bonds, \$9,725,000 will be used to pay, at or before maturity, outstanding 4½% Bank Loan Notes due January 10, 1961, the proceeds of which were used for working capital, construction expenditures and other corporate purposes. The balance of the proceeds will be used to reimburse the company's treasury for a portion of the construction expenditures heretofore made and to provide for a portion of its continuing construction program. The company has made gross property additions of \$25,431,000 and retirements of \$4,510,000 during the nine months ended September 30, 1960. It estimates that gross property additions for the last three months of 1960 and for the year 1961 will approximate \$67,000,000. To carry on such construction program in 1961, the company anticipates that \$10,000,000 of additional funds will be obtained through bank borrowings or the sale of securities or a combination thereof.

EXAMINATION FOR SEC INVESTIGATORS ANNOUNCED. An examination for the position of Securities Investigator to fill positions in the regional offices of the Securities and Exchange Commission has been announced by the United States Civil Service Commission. Interested applicants may obtain a copy of Announcement No. 248-B at local Civil Service Commission offices or Post Offices or by writing to the Director of Personnel, Securities and Exchange Commission, Washington 25, D. C.

SOUTHERN BELL TELEPHONE & TELEGRAPH FILES DEBENTURE OFFERING. Southern Bell Telephone and Telegraph Company, 67 Edgewood Avenue, S. E., Atlanta, Georgia, today filed a registration statement (File 2-17287) with the SEC, seeking registration of \$75,000,000 of debentures due December 1, 1997, to be offered for public sale at competitive bidding. The net proceeds from the sale of debentures will be used in part to repay advances to Southern Bell's parent, American Telephone and Telegraph Co., which are expected to approximate \$56,000,000 at the time the proceeds are received, and to use the remainder of such proceeds for general corporate purposes, including extensions, additions and improvements to the company's plant. It is anticipated that construction expenditures will be about \$305,000,000 for 1960 and somewhat lower for 1961.

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