

## 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 April 29, 1964

**INVESTMENT COMPANY EXEMPTIVE RULE MODIFIED.** The SEC today announced the adoption of an amendment to its Rule 17a-6 under the Investment Company Act to provide certain additional exemptions from the statutory prohibitions against transactions between an affiliated person of a registered investment company (or an affiliate of such a person) on the one hand, and the investment company or a company controlled by it on the other hand. Section 17(a) prohibits such transactions unless the Commission, upon application, grants an exemption upon the basis of a finding that the terms of the proposed transaction are reasonable and fair and do not involve overreaching on the part of any person concerned and that the transaction is consistent with the policy of the investment company and with the general purposes of the Act.

The present Rule 17a-6 provides an exemption with respect to the sale of securities or other property to, and the borrowing of money or other property from, a registered investment company which is a small business investment company licensed under the Small Business Investment Act of 1958 (SBIC) where such transactions are prohibited solely because of an affiliation created through the owning, controlling, or holding with power to vote by the SBIC of voting securities of a small business concern. The exemption is not available if any person having an affiliate, promoter or principal underwriter relationship with the SBIC also has a direct or indirect financial interest, within the meaning of the Rule, in the small business concern. The amended Rule is similar to the existing rule in eliminating the filing and processing of applications in circumstances in which it appears that there is no likelihood of overreaching of the investment company and that the transaction would not be unreasonable or unfair to the registered investment company. (For details of exemption, see Release IC-3968).

**MIDWAY ENTERPRISES PROPOSES OFFERING.** Midway Enterprises, Inc., P.O. Box 331, Pueblo, Colo., filed a registration statement (File 2-22360) with the SEC on April 27 seeking registration of (1) \$800,000 of 7½% debentures, due 1979, (2) 160,000 shares of common stock, and (3) warrants to purchase 160,000 common shares. The securities are to be offered for public sale in units of \$50 principal amount of debentures, 10 shares of common stock and warrants to purchase 10 common shares, and at \$100 per unit. The offering will be made on a best-efforts basis by City Mile Securities Corp., Denver, Colo., which will receive a 15% selling commission. Also included in the registration statement are 20,000 shares of common stock, which are to be offered only to contractors, subcontractors and architects, at \$5 per share.

Organized in 1963 under the Colorado law, the company proposes to engage in the business of operating a race plant for racing thoroughbred and quarter horses with pari-mutuel wagering. It has acquired the site for the proposed racing plant midway between Colorado Springs and Pueblo, and has undertaken the construction of the proposed plant. Net proceeds from the sale of its securities will be applied, as follows: (1) \$315,737.50 for repayment of a promissory note, including interest; (2) approximately \$858,000 for completing the racing plant; (3) \$25,000 for installing totalizer equipment; (4) \$87,000 for interest due on debentures and (5) the balance for any expenses over the foregoing estimates and for actual expense of conducting the first race meet. In addition to indebtedness, the company has outstanding 25,120 shares of common stock, and warrants to purchase 25,080 common shares. Management officials as a group own 36.91% of the outstanding stock. Conyers Stewart is listed as president.

**SAFENAY FILES STOCK PLANS.** Safeway Stores, Incorporated, Fourth and Jackson Streets, Oakland, Calif., filed a registration statement (File 2-22361) with the SEC on April 27 seeking registration of 467,850 shares of common stock, to be offered under the company's Common Stock Option Plan (1957) and its Stock Option Plan of 1963.

**SEARS, ROEBUCK FILES STOCK PLAN.** Sears, Roebuck and Co., 925 S. Homan Ave., Chicago, Ill., filed a registration statement (File 2-22363) with the SEC on April 27 seeking registration of 30,000 memberships in its "Savings and Profit Sharing Pension Fund" for company employees, together with 2,000,000 shares of common stock which may be acquired pursuant thereto.

**AQUA-CHEM FILES STOCK PLAN.** Aqua-Chem, Inc., 225 N. Grand Ave., Waukesha, Wisc., filed a registration statement (File 2-22364) with the SEC on April 27 seeking registration of 47,900 shares of common stock, to be offered under its Employees' Restricted Stock Option Plan.

**NEW STATE BOND FUND FILES FOR OFFERING.** Diversified Fund of State Bond and Mortgage Company, 28 N. Minnesota St., New Ulm, Minn., filed a registration statement (File 2-22365) with the SEC on April 27 seeking registration of 2,000,000 shares of common stock. Shares of the Fund will be distributed exclusively by State Bond and Mortgage Company, the Fund's principal underwriter and investment advisor. They will be offered at net asset value (\$5.43 per share maximum\*), plus a maximum sales charge of 8%. The Fund will seek "favorable current income on securities which possess some measure of capital gain potential," through investment in equity securities or senior securities convertible into common stock, which is said to involve "giving secondary consideration to long term capital growth." Holders of shares for twelve months or more may exchange any or all such shares for shares of the Common Stock Fund of State Bond and Mortgage Company at net asset value. Fred H. Winslow, president of the underwriter, also is president of the Fund.

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**JERSEY CENTRAL POWER ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15061) approving proposed bank borrowings by Jersey Central Power & Light Company, Morristown, N. J., during the period ending April 30, 1965, in amounts not exceeding \$21,600,000 in the aggregate. The funds will be used in the amount of \$5,200,000 to reimburse the company's treasury for construction expenditures through December 31, 1963 (of which amount \$1,520,000 will be used to pay short-term notes). The balance of the borrowings will be applied to additional construction expenditures subsequent to December 31, 1963, or to repay short-term bank borrowings effected therefor.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the April 1st News Digest.

Chicago Pneumatic Tool Co Mar. 1964 ( 11)	Ducosman Inc Mar. 1964 ( 11,13)
Compydyne Corp Mar. 1964 ( 11,13)	Franklin Realty Mar. 1964 ( 2)
Interprovincial Pipe Line Co April 1964 ( 11)	Interlake Iron Corp Mar. 1964 ( 12,13)
Thrift Drug Of Penna. Mar. 1964 ( 4,7,13)	Iowa Power & Light Co Mar. 1964 ( 7,13)
Brite Universal Inc April 1964 ( 12,13)	The Pep Boys - Manny, Moe & Jack Mar. 1964 ( 11)
Continental Independent Tel Corp Mar. 1964 ( 2,7,11,12,13)	Aeronca Mfg Corp April 1964 ( 12,13)
Northeast Airlines Inc Mar. 1964 ( 6)	Central Power & Light Co Mar. 1964 ( 11)
Tasty Baking Co Mar. 1964 ( 4,11,13)	Builtwell Homes Inc Mar. 1964 ( 7,13)
Cascade Natural Gas Corp Mar. 1964 ( 7,13)	Nevada Power Co Mar. 1964 ( 7,13)
Diana Stores Corp Mar. 1964 ( 7,13)	Fownes Bros. & Co Inc Mar. 1964 ( 11)
J. D. Jewell Inc Nov. 1963 ( 8)	J.J. Newberry Co Mar. 1964 ( 4,13)
Otter Tail Power Co April 1964 ( 7,11)	Pacific Gas Transmission Co April 1964 ( 11)
Noramco Inc Feb. 1964 ( 9,11)	Veeder Root Inc Mar. 1964 ( 11)
American Pipe & Constr. Co Mar. 1964 ( 3,11,13)	Anchor Hocking Glass Corp Mar. 1964 ( 12,13)
First Surety Corp Mar. 1964 ( 11)	Outdoor Development Co Inc Feb. 1964 ( 2,12,13)
Municipal Invst. Trust Fd Mar. 1964 ( 12,13)	Isram Corp Mar. 1964 ( 11)
Trans-Sonics Inc Mar. 1964 ( 11,12)	United States Sugar Corp Mar. 1964 ( 8)
Duval Corp Mar. 1964 ( 11)	Feb. 1964 ( 11)
Detroit Industrial Products Corp Mar. 1964 ( 12)	

**SECURITIES ACT REGISTRATIONS.** Effective April 28: Carolina Power & Light Co. (File 2-22251); The Lehigh Press, Inc. (File 2-22203); The Standard Oil Company (Ohio) (File 2-22280).  
 Withdrawn April 28: Carolina Telephone & Telegraph Co. (File 2-22154); Westates Petroleum Co. (File 2-21992).

\*As estimated for purposes of computing the registration fee.

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