

# 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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**HEARING SCHEDULED ON EASTERN UTILITIES DIVESTMENT PLAN.** Eastern Utilities Associates, a registered holding company, has joined with Blackstone Valley Gas and Electric Company and Valley Gas Company, in filing with the SEC Step 2 of a plan for compliance with the Commission's order of April 1950 directing EUA, among other things, to sever its relationship with the gas properties owned by Blackstone by disposing or causing the disposition of EUA's direct or indirect ownership or control of such properties; and the Commission has scheduled a hearing thereon for October 10, 1963 in its Washington office (Release 35-14932). Pursuant to Step 1 of the plan, which was consummated August 1, 1961, Blackstone's gas properties were released from the lien of its mortgage indenture and transferred to Valley, a wholly-owned subsidiary of Blackstone (organized for the purpose of acquiring and operating the gas properties). In consideration, Blackstone received Valley's entire outstanding capital stock, consisting of 400,000 common shares, together with certain bonds and notes of Valley (which in 1961 were sold by Blackstone to certain institutional investors). Pursuant to Step 2, Blackstone proposes to offer its holdings of the 400,000 shares of Valley common stock for sale through a rights offering to the public holders of its common stock (99.19% of its stock is owned by EUA and .81% by the public), to the stockholders of EUA (all of its stock is held by the public), and to the employees of Valley. The aggregate subscription price for the Valley shares will approximate the book value thereof (at April 1963 aggregating \$4,458,231, or \$11.15 per share) plus expenses estimated at \$100,000. It is anticipated that the offering will be underwritten pursuant to competitive bidding; and the proceeds from the sale will be applied by Blackstone to the reduction of its outstanding short-term indebtedness.

**MICHIGAN CONSOLIDATED GAS BORROWINGS CLEARED.** The SEC has issued an order under the Holding Company Act (Release 35-14931) authorizing Michigan Consolidated Gas Company, Detroit subsidiary of American Natural Gas Company, a registered holding company, to borrow from time to time commencing in September 1963 up to an aggregate of \$20,000,000 from a group of banks. According to the order, the proceeds will be used to partially finance the company's 1963 construction program (estimated at \$34,533,000).

**DENNY'S RESTAURANTS FILES FOR OFFERING AND SECONDARY.** Denny's Restaurants, Inc., 7051 Monroe Ave., Buena Park, Calif., filed a registration statement (File 2-21660) with the SEC on August 26 seeking registration of 167,000 shares of common stock, of which 111,110 shares are to be offered for public sale by the company and 55,890 shares, being outstanding stock, by the holders thereof. Dempsey-Tegeler & Co., Inc., 1000 Locust St., St. Louis, Mo., heads the list of underwriters. The public offering price (maximum \$10 per share\*) and underwriting terms are to be supplied by amendment. The statement also includes 15,000 shares underlying 4-year warrants to be sold to the principal underwriter for \$750, exercisable initially at 110% of the offering price.

The company is engaged in the development, management and operation of 71 Denny's restaurants located in Arizona, California, Nevada, New Mexico, Oregon, Texas and Washington. The net proceeds from the company's sale of additional stock will be added to general funds. Although no part has been allocated for particular purposes, the company expects to apply the proceeds from time to time to prepay conditional sales contracts for the purchase of restaurant furniture, equipment and fixtures (unpaid balances on all such contracts at July 1963 were \$1,558,171). In addition to certain indebtedness, the company has outstanding 444,446 shares of common stock, of which Harold Butler, president, and Edward C. Field own 222,223 shares each. They propose to sell 27,945 shares each.

**GENERAL STONE AND MATERIALS FILES FOR OFFERING AND SECONDARY.** General Stone and Materials Corporation, 1401 Franklin Road, S. W., Roanoke, Va., filed a registration statement (File 2-21661) with the SEC on August 26 seeking registration of 130,000 shares of common stock, of which 120,000 shares are to be offered for public sale by the company and 10,000 shares, being outstanding stock, by the holder thereof. J. C. Wheat & Co., 1001 East Main St., Richmond, Va., heads the list of underwriters. The public offering price (maximum \$8 per share\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the sale of terrazzo aggregates and supplies, quartz aggregates, marble, granite and related items and in the production of certain marble and quartz aggregates. Of the \$714,400 estimated net proceeds from the company's sale of additional stock, together with \$992,500 proceeds from a term loan, \$1,299,329 will be used to pay indebtedness, \$207,571 will be added to working capital to strengthen cash position, expand inventories and permit an increase in accounts receivable, and \$200,000 will be used to purchase equipment and other assets. In addition to certain indebtedness, the company has outstanding 294,689 shares of common stock, of which A. Anson Jamison, president, John Rotondo, a vice president, and Theresa G. Jamison and Grace H. Jamison own 9.57%, 29.89%, 14.85% and 13.31%, respectively. Rotondo proposes to sell the 10,000 shares

**SECURITIES ACT REGISTRATIONS.** Effective August 27: The Farmers' Educational and Cooperative Union of America (File 2-21263); Russell Mills, Inc. (File 2-20776); Sprague Electric Co. (File 2-21634); Wyle Laboratories (File 2-21507).

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