

# SECURITIES AND EXCHANGE COMMISSION

# NEWS DIGEST

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



Washington 25, D.C.

FOR RELEASE March 19, 1957

The High Authority of the European Coal and Steel Community filed a registration statement (File 2-13165) with the SEC on March 18, 1957, seeking registration of \$25,000,000 of Secured Bonds (Seventh Series), due 1975, and \$10,000,000 of Serial Secured Notes (Eighth Series), due 1960-1962. It is proposed to offer these securities for public sale through a group of underwriters headed by Kuhn, Loeb & Co., The First Boston Corporation, and Lazard Freres & Co. The interests rates, public offering prices and underwriting terms are to be supplied by amendment.

According to the prospectus, the Community was proposed in May, 1950, by Robert Schuman, Minister of Foreign Affairs of France, and was established by Treaty of April 18, 1951, among Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands. The Treaty recites the resolution of the Member Countries "to establish, by creating an economic community, the foundation of a broader and more profound community among peoples long divided by bloody conflicts and to lay the basis for institutions capable of giving direction to their future common destiny." The purpose of the Community under the Treaty is to contribute to the expansion of the economy, the increase of employment and the improvement of the standard of living in the Member Countries, through the creation, in harmony with the general economy of the Member Countries, of a Common Market for those two commodities which are basic to all modern industrial economies--coal and steel. By the Treaty, which entered into force on July 23, 1952, following ratification by their respective legislatures, the six Member Countries created a Community of supranational character to which they ceded sovereign powers in the coal and steel sectors of their economies. The Community was founded on the conviction that the European economy, so long retarded by a system of small national markets, could be transformed by the forces of a vast Common Market. The High Authority, consisting of nine members, is the executive branch of the Community. It is charged with the responsibility for carrying out the purposes of the Community; and it has the duty to define general objectives for the development of the coal and steel industries to insure that the requirements of the Community in future years will be met and for the modernization of production facilities, enlargement of capacity and increase in efficiency of operations.

It is expected that a major part of the proceeds of the sale of bonds and serial notes will be used to make loans to Enterprises for the construction and modernization of facilities for the production of coal, coke, iron and steel (the term "Enterprises" is used to include the enterprises of the Community engaged in the production and sale at wholesale of coal, coke, iron ore, iron and steel over which the Community has jurisdiction). Special attention will be given to the financing of installations which will result in reducing the consumption of scrap in the Community. (In lieu of selling all or any part of the Serial Notes, the High Authority reserves the right to borrow a like amount from banks.)

Equity Fund, Incorporated, Seattle investment company, filed a registration statement (File 2-13166) with the SEC on March 18, 1957, seeking registration of 300,000 shares of its Common Stock.

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Lake Lauzon Mines Limited, Toronto, filed a registration statement (File 2-13167) with the SEC on March 18, 1957, seeking registration of 787,500 of its \$1 par Common Shares. Of these shares, 750,000 are to be offered for public sale by the issuer at 40¢ per share. The offering is to be made on behalf of the issuer by Steven Randall and Co., Inc., of New York. For its services, the underwriter will receive a selling commission of 8¢ per share plus \$25,000 for expenses. The underwriter also is to receive the remaining 37,500 shares (representing outstanding stock) from the promoter, Percy E. Rivett, at the rate of one such share for each 20 shares sold to the public; and the underwriter will receive the proceeds of the sale of said shares.

Lake Lauzon Mines was organized in 1954 under the Ontario Companies Act to engage in the business of exploration, development and mining. From Rivett it acquired certain mining claims in the Township of Striker, in the Sault Ste. Marie Mining Division in the Blind River area, for which it issued to Rivett 750,000 shares of its stock. Additional claims were acquired from Mike Lunge, of Kirkland Lake, Ontario on properties located in the Township of Hyman, Sudbury Mining Division, Province of Ontario, for which it paid \$6,000 in cash and 50,000 common shares. Public purchasers of the stock, according to the prospectus, will pay \$315,000 or approximately 98.43% of the capital of the company and will own approximately 48.09% of the voting control, while Rivett and the other promoters will have contributed \$5,005 in cash and the Blind River property acquired at the cost of \$2,850 to the capital of the company and will own 51.91% of the voting control. In addition they will have advanced the company the sum of \$30,230 which is to be returned from the proceeds of the public stock sale after the exploratory work has been done.

Of the net proceeds of the stock sale, \$53,000 is to be applied to the Hyman Township Property, including \$35,000 for diamond drilling, and \$90,500 to the Striker Township property, including \$45,000 for surface mining plant equipment, mining, prospecting, and other purposes. \$30,230 will be repaid the promoters for advances; and the balance of \$24,344.50 will be used for working capital.

#### Holding Company Act Release No. 13421

The SEC today announced a proposal for amendment of its Rule U-70 under the Holding Company Act governing the financial connections of officers and directors of registered holding companies and their subsidiaries; and it invited the submission of views and comments thereon by April 18, 1957.

Rule U-70 was adopted by the Commission under Section 17(c) of the Act, which prohibits holding companies and their subsidiaries from having as an officer or director any "executive officer, partner, appointee or representative of any bank, trust company, investment banker, or banking association or firm" except as may be permitted by Commission rules "as not adversely affecting the public interest and the interest of investors and consumers." Rule U-70 defines those persons or situations which have been granted exemption by the Commission.

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The proposed amendment would provide an exemption for registered holding companies which are in the process of transforming to investment companies. Such company, if the rule is adopted, would be permitted to have as a director (not officer) a person who is a director of a "commercial banking institution," provided such holding company has no public-utility subsidiaries operating within the United States, for the period during which such company is in the process of converting into an investment company in compliance with an order of the Commission pursuant to Section 11 of the Act.

Formal request for the rule has been received from Electric Bond and Share Company.

Investment Company Act Release No. 2499

The Adams Express Company and American International Corporation, affiliated investment companies of New York, have received SEC authorization to acquire debentures of Daystrom, Incorporated, in the respective amounts of \$135,000 and \$90,000. The debentures are being acquired from Adamex Securities Corporation, and represent part of an offering of \$8,000,000 of Convertible Subordinated Debentures due March 1, 1977, of Daystrom, pursuant to a registration statement which became effective February 27, 1957. Adamex, one of the underwriters, is a wholly-owned subsidiary of Adams. Two directors of Adams and American also are directors of two other members of the underwriting group.

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Katz Drug Company, Kansas City, Mo., today filed a registration statement (File 2-13168) with the SEC seeking registration of 50,000 shares of its \$1 par Common Stock, to be offered for public sale through an underwriting group headed by A. G. Becker & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment. Net proceeds of the stock sale will be added to working capital. Need for the additional working capital is occasioned by the increase in business volume arising from the company's accelerated expansion program. A total of seven new stores are scheduled for opening during 1956 and 1957.

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Overnite Transportation Company, Richmond, Va., today filed a registration statement (File 2-13169) with the SEC seeking registration of 126,000 shares of its 50¢ par Common Stock. These shares are presently outstanding, and are to be offered for public sale at \$13.30 per share by the holder thereof. No part of the proceeds will be received by the Company. The principal underwriter is Scott, Horner & Mason, Inc.; and the underwriting commission is to be \$1.30 per share. 25,000 of the 126,000 shares are to be offered by the underwriters for seven days after the effective date of the registration statement at \$12.25 per share, of which the underwriters receive a discount of 25¢.

Overnite Transportation has outstanding 250,000 common shares, all of which is owned by J. Harwood Cochrane, the selling stockholder and the president and a director of the issuer. Sale of the 126,000 shares will reduce his holdings to 49.6% of the outstanding shares.

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Amendments were filed on March 18, 1957 to the following registration statements seeking registration of additional securities as indicated:

Chemical Fund, Inc., New York, N. Y. (File 2-10768)  
 1,200,000 shares of Capital Stock, 50¢ par value

Investors Syndicate of America, Inc., Minneapolis, Minn. (File 2-10804)  
 \$1,000,000 "Single Payment" Fully Paid Face-Amount Certificates  
     500,000 "Series B"                   "       "       "       "       "  
     2,500,000 "Series 6" Installment Face-Amount Certificates  
     15,000,000 "Series 10"               "       "       "       "  
     75,000,000 "Series 15"              "       "       "       "  
     200,000,000 "Series 20"             "       "       "       "

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