

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

(In ordering full text of Releases from Publications Unit, cite number)



Washington 25, D.C.

FOR RELEASE April 8, 1959

DISCLOSURES IN HINSDALE RACEWAY FILING CHALLENGED

The Securities and Exchange Commission has ordered "stop order" proceedings under the Securities Act of 1933 to determine whether a registration statement filed by Hinsdale Raceway, Inc., of Hinsdale, N. H., contains false and misleading representations of material fact and, if so, whether an order should be issued suspending its effectiveness.

Hinsdale was organized in April 1958 for the purpose of conducting night harness racing with parimutual betting. It owns a track at Hinsdale, N. H. The prospectus lists Alf Halverson of Berlin, N. H., as president and one of the promoters. In a registration statement filed December 29, 1959, Hinsdale proposed the public offering of capital trust certificates evidencing 1,000,000 shares of capital stock and \$1,000,000 of 6% debenture notes. Proceeds are to be used for the construction of various track facilities.

In its order authorizing the proceedings, the Commission challenges the accuracy and adequacy of various informational disclosures contained in the Hinsdale registration statement and prospectus, including the failure to disclose in the forepart of the prospectus "the many speculative aspects" of the company's business and the securities to be offered for public sale. Among these were the failure to disclose the amount of loss sustained in prior operations; the fact that there is no firm underwriting commitment, no assurance that sufficient funds will be raised to operate the raceway during the coming harness racing season and no provision for return of funds to investors if insufficient funds are raised to operate the track; the fact that stock previously was sold in violation of the Securities Act registration requirements, giving rise to contingent liabilities; the intention of the management to maintain control of the company through the voting trust for a period of ten years; that the management group lacks experience in race track management, and that it has an existing 20-year management contract which may be extended for 20 additional years; that substantially all the risk capital has been or is to be contributed by the public, despite the retention of control by the management; and the possible dilution of the interest of investors upon the exercise of options for 300,000 shares granted to promoters.

The Commission also questions the adequacy and accuracy of other information in the prospectus, including (1) statements relating to the intended use of the proceeds of the stock offering and the cost of all items for which the proceeds are to be used, the order of expenditure, and similar information; and (2) statements relating to Hinsdale's business and property, particularly in view of the omission of information concerning the total estimated cost of necessary facilities, the amount expended to date thereon, the estimated amount remaining to be expended and the type of facilities to be constructed, the size of the track, the type of construction and the capacity of grandstands and other facilities, the number of days of proposed track operation each season, the nature of state regulation, the distance from and population of nearby urban areas, and the extent, type and location of competition.

At a hearing scheduled for April 20, 1959, in the Washington office, inquiry will be conducted with respect to the foregoing and other matters to determine whether the Hinsdale registration statement fails to comply with the Securities Act disclosure requirements and, if not, whether a stop order should be issued suspending its effectiveness.

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For further details, call ST. 3-7600, ext. 5526

WASHINGTON GAS LIGHT FILES PREFERRED STOCK OFFERING PROPOSAL

Washington Gas Light Company, 1100 H St., N. W., Washington, D. C., filed a registration statement (File 2-14956) on April 7, 1959, seeking registration of 100,386 shares of Serial Preferred Stock, Convertible. The company proposes to offer this stock for subscription by common stockholders at the rate of one share of preferred for each 14 shares of common held of record April 27, 1959. The dividend rate, subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation and Johnston, Lemon & Co. are listed as the principal underwriters.

Net proceeds of the stock sale will be added to the general funds of the company for its current construction program, involving expenditures estimated at \$14,800,000 in 1959.

INTERSTATE POWER FILES FINANCING PROPOSALS

Interstate Power Company, 1000 Main St., Dubuque, Iowa, filed two registration statements (Files 2-14957 and 2-14958) with the SEC on April 7, 1959, seeking registration of (1) \$6,000,000 of First Mortgage Bonds, Series due 1989, to be offered for public sale at competitive bidding, and (2) 80,000 shares of its \$50 par Preferred Stock, to be offered for public sale by Kidder, Peabody & Co. The dividend rate on the preferred, as well as the public offering price and underwriting terms, are to be supplied by amendment.

Net proceeds to the company from its sale of the bonds and preferred stock will be used first to discharge \$2,000,000 of 3½% promissory notes and \$1,100,000 of 4% promissory notes evidencing bank borrowings during 1958 for construction purposes and, secondly, towards payment of the \$10,287,000 construction for 1959. Construction expenditures for 1960 are estimated at \$8,400,000.

PERMANENT FILTER FILES FOR OFFERING AND SECONDARY

Permanent Filter Corporation, 1800 West Washington Blvd., Los Angeles, filed a registration statement (File 2-14959) with the SEC on April 7, 1959, seeking registration of 140,000 shares of its common stock. Of this stock, 120,000 shares are to be offered for public sale for the account of the company and 20,000 shares, representing outstanding stock, for the account of the holder thereof. The public offering price and underwriting terms are to be supplied by amendment. The underwriter is William R. Staats & Co.

The company is engaged primarily in the manufacture and sale of sintered bronze and stainless steel wire mesh filter systems, units and elements for removing water and other contaminants from jet and rocket fuels, cryogenic liquids and other fluids primarily associated with jet aircraft, rocket and missiles. In addition to the sale of the additional 120,000 common shares, it expects to borrow some \$500,000 on a mortgage loan on a new plant to be built in Oxnard, California, to cost \$1,035,000, including land and buildings. The new funds are to be used for said land and buildings (\$1,035,000), for machinery and equipment for the new plant (\$500,000), and for expenses in connection with moving the company's operations to Oxnard (\$200,000). The balance of the proceeds will be available as working capital.

GENERAL MOTORS FILES SAVINGS-STOCK PURCHASE PLAN

General Motors Corporation, 1775 Broadway, New York, filed a registration statement (File 2-14960) with the SEC on April 7, 1959, seeking registration of 1,600,000 shares of its common stock, to be offered pursuant to the General Motors Savings-Stock Purchase Program for Salaried Employees in the United States. According to the prospectus, there are 88,000 salaried employees, or 83% of those eligible, enrolled in the 1959 Class of said Program.

MISSISSIPPI POWER TO ISSUE BONDS

The SEC has issued an order under the Holding Company Act (Release 35-13977) authorizing Mississippi Power Company to issue \$368,000 of First Mortgage Bonds, 4-5/8% Series due 1987, for sinking fund purposes.

AMERICAN NATURAL GAS PROPOSES STOCK DIVIDEND

American Natural Gas Company, New York, has filed an application with the SEC proposing the declaration and payment of a dividend on its 5,349,571 outstanding common shares, payable in

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shares of common stock at the rate of one new share for each ten shares outstanding and held of record on May 15, 1959; and the Commission has issued an order (Release 35-13976) giving interested persons until April 27, 1959, to request a hearing thereon. American Natural proposes to assign a value of \$60 per share to each of the 534,957 common shares to be issued as a stock dividend, or an aggregate of \$32,097,420, which amount will be debited to earnings retained in the business.

TWO "VARIABLE ANNUITY" COMPANIES SEEK TEMPORARY EXEMPTION

Variable Annuity Life Insurance Company of America, and The Equity Life Insurance Company, Washington, D. C., have filed applications with the SEC seeking exemption from all provisions of the Investment Company Act for a period of 90 days from the date of the requested order; and the Commission has issued orders (Release Nos. 40-2859 and 40-2860) giving interested persons until April 22, 1959, to request a hearing upon the respective applications.

Each of the companies has been engaged in the issuance and sale of so-called "variable annuity contracts" with related life and disability insurance. On March 23, 1959, the U. S. Supreme Court in an SEC action against the two companies in effect determined that the variable annuity contracts which they are issuing and selling are securities and that the two companies are investment companies as defined in the Investment Company Act.

In support of the requested temporary exemption, each of the companies points out that its operations pose novel, and as yet unresolved questions of compliance or lack of compliance with various provisions of the Act, and that the interests of investors and the public will be best served by allowing adequate time for their resolution. It further points to provisions of the insurance laws as affording protection to these same interests. Each has undertaken to comply with the provisions of the Securities Act of 1933 with respect to the offering for sale, and sale, of its variable annuity contracts and to comply with standards adopted by this Commission with respect to literature employed in connection with the sale of securities of investment company securities.

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