

# 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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**PROXY RULES AMENDED.** The Commission has adopted an amended Item 7(f) of Schedule 14A of its proxy rules under the Securities Exchange Act of 1934 (Release 34-7804). This item requires the disclosure of information with respect to the interests of directors, officers and certain other insiders in transactions with a registered issuer or its subsidiaries. The amended item requires a description of any such transaction in which such persons have a material interest. Previously, the item required disclosure only if both the interest and the transaction were material. The instructions to the item provide, however, that where the amount involved in the transaction or a series of similar transactions does not exceed \$30,000, the transactions need not be described. The instructions also provide that certain other transactions need not be described even though the amount involved therein may exceed \$30,000.

The amended item applies to information statements sent to security holders pursuant to Section 14(c) of the Act, as well as to proxy statements subject to Section 14(a). The amended item is effective with respect to all proxy statements and information statements initially filed with the Commission in preliminary form after February 28, 1966.

**CASH OFFERINGS OF SECURITIES AT RECORD.** The SEC announces (For January 28th Newspapers) that new corporate securities offered for cash in 1965 amounted to a record \$15.8 billion, 13 percent higher than the 1964 total. The figure excludes sales of mutual fund shares which also reached a record level in 1965. The greater volume of new flotations reflected the rapid and general expansion of the economy in 1965 and the sharply increased needs of business to finance enlarged capital expenditures and inventories. The increased volume of new securities financing primarily was in debt issues, including a record amount of private placements as well as a larger amount of publicly-offered issues. Total new bonds, notes and debentures aggregated \$13.6 billion, \$2.7 billion above the 1964 total. Offerings of preferred and common stock amounted to \$2.3 billion, down from \$3.1 billion in the previous year. Of the \$7.4 billion public offerings in 1965, \$6.4 billion issues were registered under the Securities Act of 1933, the balance of almost one billion dollars, chiefly bank issues, being exempt from registration. (For additional details see Stat. Release 2103).

**B. C. MORTON FUND HEARING SCHEDULED.** B. C. Morton Fund, Inc., Boston, Mass., diversified open-end investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to the sale of shares of other registered investment companies by B. C. Morton Organization Inc. ("Dealer") to Morton Fund for the portfolio of its Growth Series. The Commission has scheduled the application for hearing on February 24 at 10:00 a.m. in its Washington office (Release IC-4493).

Morton Fund is currently offering securities of three series: Growth, Insurance and Income. The assets of Growth Series approximate \$5,326,000 and are invested in a diversified list of shares of common stock consisting principally of shares of industrial companies. Morton Fund proposes (with shareholder approval) to change the investment policy of Growth Series so that its investments would be concentrated in shares of other investment companies whose primary investment objective is long-term growth of capital and income. Certain adjustments are contemplated to minimize the sales charges, management fees and administrative expenses to which investors will be subject, both through the purchase and holding of shares of Growth Series and, indirectly, through the Growth Series purchases and holding of shares of other investment companies.

**CENTRAL AND SOUTH WEST CORP. SEEKS ORDER.** Central and South West Corporation, Wilmington, Del., and four of its electric-utility subsidiaries, namely, Central Power and Light Co., Public Service Co. of Oklahoma, Southwestern Electric Power Co., and West Texas Utilities Co., have applied to the SEC for an order under the Holding Company Act authorizing the subsidiaries to sell unsecured promissory notes to the parent company from time to time during 1966; and the Commission has issued an order (Release 35-15390) giving interested persons until February 15 to request a hearing thereon. According to the application, the aggregate principal amount of notes of the borrowing companies which may be outstanding at any one time shall not exceed \$8,600,000, and the principal amount of notes of each of the borrowing companies to be outstanding at any one time will not exceed the following amounts: Central Power, \$4,000,000; Public Service of Oklahoma, \$5,000,000; Southwestern, \$4,000,000; and West Texas, \$7,000,000. The subsidiaries will apply the proceeds to their respective construction programs.

**NEES SEEKS ORDER.** The New England Electric System, Boston, Mass., registered holding company, and certain of its public-utility subsidiaries have applied to the SEC for an order under the Holding Company Act authorizing the subsidiaries to issue, from time to time during 1966, unsecured promissory notes to banks and/or to NEES aggregating a maximum of \$72,430,000 to be outstanding at any one time. The Commission has issued an order (Release 35-15391) giving interested persons until February 21 to request a hearing thereon. According to the application, the proceeds of the proposed borrowings are to be used by the subsidiaries to pay outstanding notes payable to banks and/or to NEES and in connection with their construction program. At January 1, 1966, such outstanding notes of the subsidiaries aggregated \$60,830,000. NEES also proposes to acquire, from time to time during 1966, unsecured promissory notes to be issued by another subsidiary, The Narragansett Electric Co., in a principal amount not exceeding an aggregate of \$6,200,000 at any one time outstanding. The total amount of loans by NEES to all of its subsidiaries to be outstanding at any one time will not exceed \$35,000,000.

OVER

**AVON OVERSEAS CAPITAL RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4496) exempting Avon Overseas Capital Corporation, New York, from all provisions of the Act, subject to certain conditions. The applicant company was recently organized by Avon Products, Inc., which will purchase all of its 1,000 authorized shares of capital stock for \$1,000,000. It was organized to finance the expansion and development of Avon's foreign operations in a manner which is designed to assist in improving the balance of payments position of the United States, in compliance with the voluntary cooperation program instituted by President Johnson in February 1965. Applicant intends to issue and sell an aggregate of between \$15,000,000 and \$20,000,000 principal amount of guaranteed bonds due 1981. Avon will guarantee the principal, sinking fund, and interest payments on the bonds. The bonds are to be sold to underwriters for offering outside the United States. Not less than 70% of the assets of applicant will be invested in or loaned to foreign companies primarily engaged in businesses other than that of an investment company.

**TWO ACQUITTED; OTHERS ENTER PLEAS.** The SEC Washington Regional Office announced January 26 (LR-3407) that, after a 27-day trial, Judge William B. Bryant (USDC DC) had directed a verdict of acquittal as to Darwin Charles Brown and Milton Carr Ferguson, two defendants in an action charging conspiracy to violate and violations of the Securities Act registration and anti-fraud provisions in the sale of securities of Macinar, Incorporated. In December, during the trial, Paul S. Gaston, former president of Macinar, and George W. Stanford pleaded guilty to a charge of violating the said registration provision. Previously, Philip P. Friedlander and Howard F. Hansell, Jr., had each pleaded guilty to one fraud charge, and Carl J. Bliedung was convicted of violating the registration provision.

**STANICK AND SWAFFIELD INDICTED.** The SEC announced January 26 (LR-3408) the return of an indictment by a Federal Grand Jury in Los Angeles charging Stanley W. Stanick of Long Beach, Calif., and Robert M. Swaffield of Golden, Colo., with causing a false and fraudulent registration statement of Shinn Industries, Inc., to be filed with the Commission and with violations of the conspiracy statute.

**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 in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the caption of the several items of the form was included in the January 3 News Digest.

Power Designs, Inc. Dec 65 (11,13)0-1921-2	Electronic Assistance Corp Dec 65 (7,13) 1-4338-2
Andrea Radio Corp Nov 65 (7,9,13) 1-4324-2	Herff Jones Dec 65(2,3,7,12,13)0-1882-2
Bonanza Airlines Inc Dec 65 (12) 1-5100-2	Global Industries Inc Dec 65 (4,7,8,9,11,13) 2-20526-2
American Beverage Corp (Del) Dec 65 (12) 1-324-2	Globe Industries Inc Nov 65(11)0-133-2
Apache Corp Dec 65 (7) 1-4300-2	General Tel Co of Ohio Jan 66(7,8)0-445-2
Fulton Industries Inc Amend #1 for Oct 65 (7,13) 1-4800-2	Mersick Industries Inc Dec 65(2,7,13) 0-1601-2
I. Gordon Realty Corp Dec 65 (7,13) 2-18335-2	North Atlantic Life Insurance Co Amend #1 for Nov 65(1,13) 2-20701-2
Nazareth Cement Co Dec 65 (1,12,13) 0-703-2	Houston Oil Field Material Co Inc Amend #2 for Nov 65(13) 0-1427-2

**SECURITIES ACT REGISTRATIONS.** Effective January 26: Anchor Coupling Co. Inc., 2-24386 (40 days); Clinton Oil Co., 2-24285 (90 days); Leeds & Northrup Co., 2-24350 (40 days); Society Corp., 2-24315 (40 days). Monarch Equity Realty Investment Trust, 2-24115 (90 days). Effective January 27: Avon Products Inc., 2-24416 (90 days); Chevway Corp., 2-24112 (90 days); Memphis & Shelby County Medical Society Investment Retirement Trust, 2-23945.

**NOTE TO DEALERS.** The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.