

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington, D.C. 20549

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

(Issue No. 66-89)

FOR RELEASE May 10, 1966

**EXEMPTIONS DENIED BOND & SHARE, FOREIGN POWER.** The SEC today announced the issuance of a decision under the Investment Company Act (Release IC-4590) denying applications for exemption from that Act filed by Electric Bond and Share Company and its majority-owned subsidiary, American & Foreign Power Company, Inc.

Formerly a holding company for foreign public utility operating companies, Foreign Power began in 1958 to dispose of its utility interests in Argentina, Brazil, Chile, Colombia, Mexico and Venezuela. Except for those in Venezuela, these interests were sold to the governments of the countries in which they were situated or to agencies of those governments. Foreign Power still has interests in subsidiaries engaged in utility operations in Costa Rica, Ecuador, Guatemala and Panama; the properties of its Cuban subsidiary were expropriated by the Castro Government in 1960.

Foreign Power's principal contention was that it does not own "investment securities" having a value exceeding 40% of its assets and, therefore, does not meet the Section 3(a)(3) definition of an investment company. Except for \$18,600,000 in cash received for its Venezuela properties, payment for the utility properties disposed of by Foreign Power in each Latin American country has been or is to be made in debt securities issued or guaranteed by the government of that country; and in some instances the government securities are long term obligations or are subject to the restriction that the proceeds of payment be reinvested in non-utility enterprises in the particular country. Rejecting Foreign Power's contention that the securities issued by the Latin American governments should not be included in the computation of investment securities, the Commission found that 86.2% of Foreign Power's assets excluding cash items consists of investment securities; and the Commission also rejected the contention that some value should be ascribed to the Cuban utility investments in computing the ratio of investment securities to total assets. In view of the "present heavy predominance" of investment securities in Foreign Power's assets and income, the Commission also was unable to find that it is primarily engaged in activities other than that of an investment company and entitled to an exemption under Section 3(b)(2) of the Act, or that it was entitled to a general exemption under Section 6(c) of the Act. However, the Commission observed that its denial of a complete exemption "is without prejudice to application for specific or limited exemptions which may be appropriate in the circumstances of Foreign Power's reinvestment program in Latin America."

Bond and Share's exemption application was based in part on the premise that Foreign Power would be determined not to be an investment company or would be granted a complete exemption from the Act. Thus, in light of the ruling with respect to Foreign Power, Bond and Share's holdings of Foreign Power's securities, constituting about 33.1% of Bond and Share's assets, are "investment securities" as defined in Section 3(a)(3). Adding these holdings to the approximately 33.2% of Bond and Share's assets consisting of its portfolio of securities of unaffiliated issuers (consisting of the common stocks of 40 corporations in about a dozen industries), brings the total of investment securities to about 66.3% of Bond and Share's assets excluding cash items. The Commission concluded that Bond and Share is an investment company; and it rejected Bond and Share claim to an exemption on the ground that its primary business engagement is that of an operating company.

**SANZA'S EMPLOYMENT APPROVED.** The SEC has issued a decision under the Securities Exchange Act (Release 34-7882) granting an application of the NASD that a firm be continued in membership while employing Louis P. Sanza, of Philadelphia. Sanza was a disqualified person by reason of a prior order of the Commission naming him a cause of the revocation of the broker-dealer registration of Walnut Securities Corp. Sanza will be engaged primarily in the sale of mutual fund shares for his employer firm, who will exercise supervision over his activities.

**THOR POWER TOOL DELISTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-7886) granting an application of the New York Stock Exchange to strike from listing and registration the capital stock of Thor Power Tool Co., effective at the opening of business on May 10. According to the application, approximately 273,270 capital shares of the company's stock are publicly held, exclusive of concentrated holdings by Stewart-Warner Corp.

**LEACH CORP. SEEKS EXEMPTION.** Leach Corporation, 405 Huntington Drive, San Marino, Calif. has applied to the SEC for exemption from the registration provisions of the Securities Exchange Act of 1934; and the Commission has issued an order giving interested persons until May 25, 1966, to request a hearing upon the exemption application.

According to its application, Leach on February 28, 1965, had over \$1 million total assets and in excess of 750 shareholders. Accordingly, it would be subject to the registration requirements of Section 12(g). Pursuant to an agreement of merger adopted by its shareholders, Leach was merged into Leach Relay Corporation on January 3, 1966. The surviving corporation, renamed Leach Corporation, has approximately 130 shareholders.

Granting of the requested exemption would also exempt Leach (the applicant) from Sections 13 and 14 of the Act and its officers, directors and large (over 10%) shareholders from Section 16 thereof.

**DUNFEE SAVINGS SUSPENSION PERMANENT.** The SEC has made permanent its February 17, 1966, order under the Securities Act of 1933, temporarily suspending a Regulation A exemption from registration with respect to a proposed public offering of securities by Thomas Dunfee, d/b/a Dunfee Savings & Lease, of Kansas City, Mo.

OVER

At the request of Dunfee, the Commission ordered a hearing to determine whether the suspension order should be vacated or made permanent. Subsequently, he withdrew his request for hearing but requested withdrawal of his Regulation A notification. Under provisions of Regulation A, withdrawal of a notification is not permitted after a suspension order has been issued; and Dunfee was so notified.

**IBM PROPOSES RIGHTS OFFERING.** International Business Machines Corporation, Armonk, N. Y. 10504, today filed a registration statement (File 2-24983) with the SEC seeking registration of 1,350,000 shares of capital stock. The company proposes to offer these shares for subscription by stockholders of record at the close of business May 27, and at the rate of one new share for each 40 shares held. The subscription price and underwriting terms are to be supplied by amendment. Morgan Stanley & Co., 2 Wall St., New York, is listed as the principal underwriter.

IBM develops, manufactures and markets electronic and punched card data processing machines and systems, special systems for space, defense and other government agencies, as well as electric typewriters, dictation equipment and related supply items. Subsidiaries furnish data processing services on a fee basis to customers and produce and market instructional and guidance materials, learning systems and educational and psychological tests for schools, government and industry. Net proceeds of this financing will be added to general funds of the company and will be available for anticipated capital expenditures for the year 1966 and as additional working capital. According to the prospectus, the company during 1961-65 expended \$3,665,298,000 for the acquisition and replacement of property, plant and equipment, of which \$1,165,908,000 was spent in 1965; and it is estimated that capital expenditures for each of the years 1966 and 1967 will substantially exceed those made in 1965. In addition to indebtedness, the company has outstanding 52,894,986 common shares, of which about 1% is owned by management officials. Thomas J. Watson, Jr., is board chairman and Albert L. Williams president.

**E. W. BLISS CO. SHARES IN REGISTRATION.** E. W. Bliss Company, 217 Second St., N. W., Canton, Ohio 44702, filed a registration statement (File 2-24953) with the SEC on May 2 seeking registration of 100,000 shares of common stock. Such shares are to be issued upon exercise of outstanding ten-year warrants to purchase such stock at \$17.50. The warrants were issued in 1961 in full consideration for all of the outstanding stock of Textile Machinery, Inc.

The company manufactures metal working presses, rolling mills for the steel industry, and a line of can-making machinery. In addition to indebtedness and preferred stock, it has outstanding 2,665,318 common shares, of which management officials own 4.6%. Carl E. Anderson is board chairman and president.

**TRIDAIR PROPOSES OFFERING.** Tridair Industries, 2500 Compton Blvd., Redondo Beach, Calif., filed a registration statement (File 2-24955) with the SEC on May 4 seeking registration of 110,000 shares of common stock. The stock is to be offered for public sale through underwriters headed by W. E. Hutton & Co., 14 Wall St., New York 10005 (5,000 of the shares are to be offered initially to company employees and associates). The public offering price (\$18 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized under California law in 1963, the company succeeded to the business of designing and selling air cargo handling and restraining equipment, as well as manufacturing, selling, and licensing specialty fasteners used in the aircraft, missile and electronic industries. Of the net proceeds of its stock sale, approximately \$700,000 will be applied to the partial repayment of some \$1,300,000 of loans; approximately \$300,000 will be used for leasehold improvements for its new plant and to acquire manufacturing equipment. The balance, together with \$200,000 to be recovered by the company through the sale and leaseback of certain of its new property, will be added to working capital. In addition to indebtedness, the company has outstanding 387,520 common shares, of which management officials own 76.9% (including 22.1% owned by Milton A. Miner, president).

**CLARIFICATION RE WOLF CORP. DECISION.** In the SEC News Digest of May 5, reference was made to an under-statement in Wolf's "retained earnings" as of December 31, 1961, and March 31, 1962, whereas the figures represented deficits in retained earnings.

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended May 5, 1966, 47 registration statements were filed, 58 became effective, and 397 were pending at the week-end.

**SECURITIES ACT REGISTRATIONS.** Effective May 5: Union Oil Co. of Calif., 2-24910.  
Effective May 6: Air Reduction Co., Inc., 2-24809; Continental Can Co., Inc. 2-24890 (June 16); CTS Corp., 2-24605; The Longchamps Corp., 2-24472 (Aug 5); Transcontinental Gas Pipe Line Corp., 2-24721.  
Effective May 9: Baxter Laboratories, Inc., 2-24888; The Goodyear Tire & Rubber Co., 2-24807; Hausman Corp., 2-24610 (Aug 8); The Magnavox Co., 2-24422 (40 days); Scientific Data Systems, Inc., 2-24751; Supermarkets General Corp., 2-24832; Union Electric Co., 2-24867.  
Effective May 10: Genesco, Inc., 2-24232 & 2-24249 (40 days).

**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.

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