

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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**HOLLOWAY OUTDOOR ADVERTISING SUSPENSION PERMANENT.** Holloway Outdoor Advertising, Inc., 9171 Sunset Blvd., Los Angeles, has withdrawn its request for a hearing on the May 18, 1964 order of the SEC temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a 1961 public offering of stock by that company. Accordingly, the hearing scheduled for August 5, 1964 in San Francisco has been cancelled and the suspension order has become permanent. The order was based upon alleged misrepresentations in the company's offering circular.

**SEC JOINS ADAMS ENGINEERING PROCEEDING.** The SEC has entered an appearance in the Chapter X proceedings of the reorganization of Adams Engineering Co., Inc., of Miami, Fla., pending in the Federal court in Miami. J. A. Sweeny and Eugene J. Lux serve as co-trustees. The Debtor is engaged in the manufacture and distribution of various aluminum products. At March 31st its assets were carried at \$6,052,700 and liabilities were listed at \$5,578,809. The assets consist principally of accounts receivable of \$1,682,520, inventory of \$3,342,805 and fixed assets, net of depreciation, of \$1,032,989. The liabilities include \$3,025,000 owed to a factor, secured by retain title agreements, and accounts payable of \$929,859. For the nine months ended March 31, 1964, the Debtor reported net sales of \$5,989,019 and a net loss of \$377,046. The Debtor has outstanding 662,000 shares of Class A common stock and 583,456 shares of Class B common stock. The Class A common stock is held by approximately 2,500 investors and most of the Class B common stock is held by the Debtor's officers and directors. Both classes of stock have equal voting rights and the Class A stock has a priority only as to dividends.

**RUPERT NEILY, JR., ENTERS GUILTY PLEA.** The Boston Regional Office announced August 3 (LR-2998) that Rupert Neily, Jr., of Boothbay Harbor, Maine, and president of Mainco Electronics and Marine Development Corporation, had entered a plea of guilty to an indictment charging violations of the Securities Act anti-fraud provisions and the false statements statute, in the sale of Mainco stock.

**CONTINENTAL CAN ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15107) exempting Continental Can Company, Inc., and Cox Newsprint, Inc., from provisions of the Act (except the provisions of Section 9(a)(2) thereof applicable to the acquisition of utility securities) on the ground that each is only incidentally a holding company.

**DELAWARE POWER SEEKS ORDER.** Delaware Power & Light Company, Wilmington, Del., and its subsidiary, The Eastern Shore Public Service Company of Maryland, have applied to the SEC under the Holding Company Act for an order extending to August 31, 1965 the period within which Eastern Shore may issue and sell the \$1,500,000 balance of \$2,000,000 of 4 1/2% promissory notes (due 1973) to Delaware Power, the issuance of which was authorized by the Commission in 1962; and the Commission has issued an order (Release 35-15108) giving interested persons until August 25 to request a hearing thereon. According to the application, only \$500,000 of said notes had been issued as of June 30, 1964 since Eastern Shore's construction program has not advanced as rapidly as originally anticipated.

**KUHLMAN ELECTRIC FILES STOCK PLAN.** Kuhlman Electric Company, 2565 W. Maple Rd., Troy, Mich., filed a registration statement (File 2-22662) with the SEC on August 3 seeking registration of 30,000 shares of common stock, to be offered under its Qualified Stock Option Plan.

**SOCIETY CORP. FILES EXCHANGE PROPOSAL.** Society Corporation, 127 Public Sq., Cleveland, Ohio, filed a registration statement (File 2-22664) with the SEC on August 3, seeking registration of 5,000 shares of \$4 cumulative convertible preferred stock, Series A, and 16,000 shares of common stock. The stock is to be offered in exchange for all of the outstanding preferred and common stock of The Fremont Savings Bank Company of Fremont, Ohio, at the rate of one share of preferred stock for each outstanding share of Fremont's preferred, and two-tenths of a share of the preferred and eight-tenths of a share of common for each outstanding share of Fremont's common stock.

The company is a holding corporation, owning 119,790 of the outstanding 120,000 shares of common stock of Society National Bank of Cleveland, a national banking association. The company has outstanding 561,656 shares of common stock, of which management officials as a group own 2,545 shares. Mervin B. France is president.

**HARRIS-INTERTYPE PROPOSES DEBENTURE OFFERING.** Harris-Intertype Corporation, 55 Public Sq., Cleveland, filed a registration statement (File 2-22665) with the SEC on August 4 seeking registration of \$25,000,000 of sinking fund debentures (due 1989), to be offered for public sale through underwriters headed by Kidder, Peabody & Co., Inc., 20 Exchange Pl., New York, and McDonald & Co., Union Commerce Bldg., Cleveland. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

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The company is engaged primarily in the manufacture of printing equipment and supplies, and servicing commercial printers. Net proceeds from its debenture sale will be used in part to retire the unpaid balances of \$1,800,000 on long-term insurance company loans and \$1,000,000 on short-term domestic bank borrowings. The balance will be added to working capital and used for the broadening and diversification of product lines and market areas. In addition to indebtedness, the company has outstanding 2,194,359 shares of common stock.

**OVER-THE-COUNTER QUOTATION RULE ADOPTED.** The SEC announces (for August 6th Newspapers) the adoption of Rule 15c2-7 under the Securities Exchange Act of 1934 requiring that quotation systems used by wholesale dealers in the over-the-counter markets clearly reveal where two or more quotations in different names for a particular security represent a single quotation or where one broker-dealer appears as correspondent of another. The rule implements a recommendation of the Report of the Special Study of Securities Markets designed to improve the reliability and informativeness of the wholesale quotations system through which dealers advertise their buying or selling interests in securities traded over-the-counter.

The "sheets" published by the National Quotation Bureau, Inc. are the primary medium for the dissemination of wholesale or inside quotations among broker-dealers in the over-the-counter markets. Broker-dealers use the sheets to communicate buying or selling interests in securities by placing their names in the sheets together with accompanying quotations. The Special Study pointed out that the failure to differentiate in any way quotations entered for correspondents and quotations representing multiple expressions of the same market prevented persons using the sheets from determining the actual depth and activity in the market and the identity of the actual primary market makers for a security.

The rule requires that if a broker-dealer is a correspondent for another firm for a particular security and enters quotations in the sheets, then the appearing broker-dealer is required to inform the sheets of the fact of the correspondent arrangement and the identity of its correspondent. (The rule defines a "correspondent" as a broker-dealer who has a direct line of communication to another broker-dealer located in a different city or geographic area.) By requiring disclosure of the identity of the correspondent as well as the fact of such an arrangement, the rule permits users of the sheets to determine the identity of the dealers making an inter-dealer market for a security, a fact which may be extremely pertinent in evaluating its marketability. The rule also requires that where two or more broker-dealers place quotations in the sheets pursuant to any other arrangement between or among broker-dealers, then the identity of each broker-dealer participating in any such arrangement or arrangements and the fact that an arrangement exists must be disclosed. Because of the variety of market-making arrangements between broker-dealers, resulting in appearances in the sheets, the rule does not limit the type of arrangement covered. The purpose of the rule is to cover any arrangement between broker-dealers such as joint accounts, guarantees of profit, guarantees against loss, commissions, markups, markdowns, indications of interest, and accommodations.

In order to assist the National Quotation Bureau, Inc. in adapting its facilities to the publication of quotations which make the disclosures required by the rule, the Commission has made the rule effective in stages. Broker-dealers will be required to furnish to the sheets the type of arrangement by October 1, 1964 and the identity of broker-dealers who are participating in any arrangement by January 1, 1965.

The Commission release announcing the rule points out that the National Quotation Bureau, Inc. has made a number of significant improvements in the sheets along the lines of the rule since publication of the Special Study. (Release 34-7381)

**GREAT WESTERN FINANCIAL FILES STOCK PLAN.** Great Western Financial Corporation, 9601 Wilshire Blvd., Beverly Hills, Calif., today filed a registration statement (File 2-22666) with the SEC seeking registration of 333,831 shares of capital stock, to be offered pursuant to its Restricted Stock Option Plan.

**PENN. ELECTRIC PROPOSES BOND OFFERING.** Pennsylvania Electric Company, 1001 Broad St., Johnstown, Pa., today filed a registration statement (File 2-22667) with the SEC seeking registration of \$20,000,000 of first mortgage bonds (due 1994), to be offered for public sale at competitive bidding. The company's principal business is the production, purchase, transmission, distribution and sale of electricity. Of the net proceeds from its bond sale, \$1,500,000 will be applied to the company's 1964 construction program (estimated at \$26,400,000) and the balance, together with \$16,500,000 in cash capital contributions made during 1964 to the company by its parent, General Public Utilities Corporation, will be used to reimburse the company's treasury for construction expenditures prior to 1964.

**SECURITIES ACT REGISTRATIONS.** Effective August 4: Texas Gas Transmission Corp. (File 2-22605). Effective August 5: Atoka Plan No. 1 - 1964 (File 2-22532); United Industrial Corp. (File 2-21761).