

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.

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American Federal Finance Corporation, Killeen, Texas, filed a registration statement (File 2-12763) with the SEC on September 5, 1956, seeking registration of 40,000 shares of its \$5 par Common Stock, Class B, and 400,000 shares of its \$5 par Preferred Stock. The company proposes to offer the securities in units of 10 preferred shares and 1 common share at a unit price of \$55. The offering is to be made by the company itself, through its officers and directors. Brokers and dealers in various localities will be employed to assist in the offering. They will be employed on a best efforts basis and will be compensated by a commission on sales of 15%. A special effort is to be made to dispose of the issue to military personnel. Net proceeds of the financing will be used to purchase used car paper and to extend the company's operations into the field of new car financing.

American Federal Finance was organized as successor to Empire Finance Corporation, which began business in Killeen in March, 1955, as successor in turn to the Empire Finance Company, a partnership. The latter was composed of J. J. Fain, T. K. Pennell, and A. L. Moran, who are named as president, secretary-treasurer and executive vice-president, respectively. They each own 1/3 of the outstanding 50,000 shares of Class A Common. In addition to its automobile financing business, the company will feature overseas financing for the military. It plans to establish a Washington office as its headquarters.

Holding Company Act Release No. 13256

Blackstone Valley Gas and Electric Company (Pawtucket, R. I.) has received SEC authorization to make a public offering of 25,000 shares of new preferred stock, \$100 par. The offering is to be made at competitive bidding, except that 1,430 shares will be subject to a subscription offer to be made, on a share for share basis, to common stockholders other than Eastern Utilities Associates, which owns 99.17% of Blackstone's outstanding common. EUA has agreed to waive its right to subscribe for the new preferred. Net proceeds of the financing will be used by Blackstone to retire in part its short-term bank notes outstanding in the amount of \$3,050,000.

Holding Company Act Release No. 13257

The SEC has issued an order authorizing Norwood Gas Company, Norwood, Mass. subsidiary of New England Electric System, to offer for subscription by its stockholders an additional 1,405 shares of its \$100 par common stock. The offer is to be made at the rate of one additional share for each two shares held, and the subscription price is to be \$100 per share. NEES, which owns 2,791 shares (99.324%) of Norwood's outstanding stock, proposes to exercise its rights to subscribe for the 1,395 shares to which it will be entitled. The minority public holders (four in number, owning 19

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shares) will be entitled to purchase 9 shares. Norwood will apply the proceeds of the stock sale, \$140,500, to the discharge of a like amount of notes held by NEES, thus reducing such indebtedness to \$449,500.

NEES also proposes, during the subscription period, to offer to purchase the present holdings of the minority stockholders, together with their rights to purchase additional shares, on the basis of \$120 a share, and at the end of the subscription period to purchase from Norwood all unsubscribed shares at the subscription price.

Holding Company Act Release No. 13258

Central Public Utility Corporation, St. Louis, Mo. holding company, has received SEC authorization to guarantee, for an additional period from September 24, 1956 to January 4, 1957, and thereafter for additional periods not to exceed nine months from September 24, 1956, payment of the renewal promissory note or notes of its wholly-owned subsidiary, The Islands Gas and Electric Company, in the amount of \$2,000,000. Islands anticipates the receipt of sufficient moneys to pay its note, due The Hanover Bank, New York, before January 4, 1957.

Holding Company Act Release No. 13259

Ohio Edison Company (Akron, O.) has received SEC authorization to purchase from the Village of Plain City, Ohio, for a cash consideration of \$410,000, the Village's generating plant other than land and buildings, and its electric distribution and street lighting systems, including land and land rights necessary for the operation of such systems, together with materials and supplies and all related fixtures and appliances. Upon consummation of the acquisition, the property will be physically connected with Ohio Edison's facilities, which is expected to result in improvement of the local service and an overall reduction in electric rates.

Holding Company Act Release No. 13260

Missouri Edison Company, Louisiana, Mo. subsidiary of Union Electric Company, has applied to the SEC for authorization to make bank borrowings of not to exceed \$1,400,000; and the Commission has issued an order giving interested persons until September 20, 1956, to request a hearing thereon. Proceeds of the borrowings, to be made from The Boatman's National Bank of St. Louis, together with cash available, will be used to repay \$1,000,000 of promissory notes due September 28, 1956, and to finance its necessary construction program. Missouri Edison expects to repay such borrowings and obtain additional funds for continuance of its construction program through the issuance and sale of securities in 1957.

Investment Company Act Release No. 2408

The SEC has issued an exemption order under the Investment Company Act permitting the issuance of shares by Scudder, Stevens & Clark Fund, Inc., Boston investment company, for substantially all of the assets of Phillips Investment Company. Pursuant to terms of the purchase agreement, and based upon August 9, 1956 figures, Scudder will acquire \$15,368,743 of Phillips' assets, consisting of \$5,437,587 of cash and \$9,931,156 of investment securities with unrealized appreciation of \$4,987,614. These assets are to be acquired by Scudder in exchange for shares of Scudder stock on the

his of the net asset value of the Scudder and Phillips stock on the closing day, except that the value of the Phillips stock is to be reduced by an amount equal to $12\frac{1}{2}\%$ of the capital gains which would be realized for Federal income tax purposes if the Phillips assets were sold at that time. Phillips will distribute the Scudder shares received for its assets to its stockholders in liquidation.

Investment Company Act Release No. 2409

The SEC has issued an exemption order under the Investment Company Act with respect to certain transactions between affiliates incident to the proposed dissolution and complete liquidation of Railway and Utilities Investment Corporation, Dover, Del. investment company.

RUIC had outstanding on June 30, 1956, 18,443 shares of Convertible Preferred Stock, \$3.50 Series, 5,138 shares of Convertible Preferred Stock, \$3 Series, 145,939 shares of Class A Common Stock, and 10,000 shares of Class B Common Stock. The preferred stock is entitled in liquidation to \$50 per share, plus accrued and unpaid dividends which, as of June 30th, amounted to \$39.585 per share on the \$3.50 Series and \$33.93 on the \$3 Series. The assets of the company consist primarily of common stocks of railroad and public utility companies. Under the plan of liquidation, preferred stockholders will be entitled to the liquidating value of their shares, payable in cash or, at their option, in market value of portfolio securities and cash. Since certain of the officers, directors and holders of 5% or more of the voting securities (affiliated persons) of RUIC own shares to be exchanged in the liquidation of portfolio securities, their acceptance of the exchange offer is prohibited by the Act unless an exemption order is issued by the Commission.

Securities Act Release No. 3686

The Securities and Exchange Commission announced today that it has extended the time for submitting written comments on the proposed amendments to Regulation A from September 15, 1956 to October 15, 1956.

The proposed amendments were published July 23, 1956, in release No. 3664. They would have the effect of making the exemption provided by Regulation A available only to issues and offerings meeting specified standards based either upon the existence of a record of net earnings on the part of the issuer or upon a limitation of the number of securities which might be issued pursuant to the exemption.

The extension has been granted at the request of certain persons who desire further time in which to consider the proposed amendments and also in view of the substantial number of issuers which would be affected by such amendments.

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Inter-Mountain Telephone Company, Bristol, Tenn., today filed a registration statement with the SEC seeking registration of 285,000 shares of Common Stock - Voting (\$10 par), to be offered for subscription by the holders of the company's outstanding Common Stock, in the ratio of two shares for each five shares held. The subscription price and underwriting terms are to be supplied by amendment. Courts & Co. is named as the principal underwriter. The company intends to apply the net proceeds from the sale to the payment in full of amounts owed by it on short-term notes to banks, which on September 30, 1956, are expected to approximate \$2,625,000. Any balance will be used for general corporate purposes.