

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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## NATIONAL THEATRES FILES EXCHANGE PROPOSAL

National Theatres, Inc., 1837 South Vermont Ave., Los Angeles, filed a registration statement (File 2-14652) with the SEC on December 30, 1958 seeking registration of \$20,000,000 of 5½% Sinking Fund Subordinated Debentures, due March 1, 1974; stock purchase warrants for 454,545 shares of its \$1 par common stock; and 485,550 warrants to purchase debentures and stock purchase warrants.

National proposes to offer to the holders of common stock, *the privilege of exchanging each share of NTA common for* options and warrants of National Telefilm Associates, Inc., to issue \$11 of the said 5½% debentures and a stock purchase warrant entitling the owner thereof to purchase one-quarter of one share of National common, in exchange for each share of common stock of National Telefilm. The dealer managers are Cruttenden, Podesta & Co., Cantor, Fitzgerald & Co., Inc., and Westheimer & Company.

National Telefilm has certain stock purchase warrants outstanding which entitle the holders thereof to purchase one share of its common stock at \$7.75 per share through June 15, 1959 (with annual increase of \$1 per share on each June 16 thereafter through June 16, 1961); and National proposes to offer to the holders of such warrants the right of exchanging each such warrant for a new exchange warrant of National entitling the holder thereof to purchase \$11 of the 5½% debentures of National and a warrant for the purchase of one-quarter share of National common. The purchase price, upon exercise of the exchange warrant, for such debentures and warrants of National will be the same as now applies to the National Telefilm warrants.

National has agreed to acquire from Ely A. Landau, Oliver A. Unger and Harold Goldman, board chairman, president and executive vice-president, respectively, of National Telefilm, 160,500 shares (15%) of the outstanding common stock of National Telefilm in exchange for its debentures and warrants on the basis described above.

According to the prospectus, on November 1, 1958, 1,090,075 shares of National Telefilm common were outstanding, and 9,411 shares will be issued in the immediate future in connection with the acquisition of Teletudios, Inc. If the holders of all such shares accept the exchange offer, \$12,094,346 of National debentures will be issuable by the company, together with warrants for 274,871 common shares. On the same date, 485,550 National Telefilm warrants were outstanding; and if the holders of all of such warrants accept the offer, 485,550 exchange warrants will be issuable by National entitling the holders to purchase an aggregate of \$5,341,050 of debentures and warrants for 121,387 common shares.

In addition, options to purchase 121,387 shares of National Telefilm common were outstanding on November 1, 1958; and National offers the holders thereof the right to accept the above-described offer with respect to any or all shares of National Telefilm stock which such holder would receive upon exercise of his options. Messrs. Landau, Unger and Goldman and Mrs. Edythe Rein, senior vice-president of National Telefilm, who hold options to purchase 59,000 shares of National Telefilm common, have agreed to exercise their options and deliver same to National for the same consideration as provided in the exchange offer. If holders of all outstanding options to purchase National Telefilm stock exercise their options and accept the exchange offer with respect to the stock so purchased, \$1,138,500 of debentures and warrants for 25,875 common shares will be issuable by National.

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Thus, in the event the exchange offer is accepted to the maximum extent by all holders of National Telefilm stock, warrants and options, National will be obligated to issue \$18,573,896 of debentures and warrants for 422,133 common shares (not including a maximum of 22,195 shares of National Telefilm stock that may be issued in connection with the acquisition of the remaining shares of Telestudios stock). The purpose of National in making the exchange offer is said to be to acquire a larger interest in National Telefilm and thus to further diversify its activities in the field of television and radio. It does not now own any shares of National Telefilm stock and until the exchange offer has expired it will acquire none, except pursuant to the agreement with Messrs. Landau, Unger and Goldman. The company has agreed with these three and Mrs. Rein that they shall remain as executive officers of National Telefilm.

#### MOBILE GAS SERVICE FILES FOR RIGHTS OFFERING

Mobile Gas Service Corporation, 182 St. Francis St., Mobile, Ala., filed a registration statement (File 2-14653) with the SEC on December 30, 1958, seeking registration of 33,000 shares of its \$5 par Common Stock. Mobile proposes to offer this stock for subscription by holders of outstanding common at the rate of one new share for each ten shares held of record January 21, 1959. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation and The Robinson-Humphrey Company, Inc., are listed as principal underwriters.

The Company is engaged in the business of purchasing, distributing and selling natural gas at retail in the City of Mobile and surrounding area. Net proceeds of this stock sale will be used to reduce short term bank loans (aggregating \$1,000,000) the proceeds of which were used for the extension and improvement of the company's gas distribution system. The company's 1959 construction program is estimated to cost approximately \$1,141,000; and it contemplates the sale of an additional \$1,500,000 of debt securities in 1959 to complete the program and retire outstanding bank notes.

#### KIMBERLY-CLARK FILES FOR EXCHANGE OFFER

Kimberly-Clark Corporation, Neenah, Wisconsin, today filed a registration statement (File 2-14655) with the SEC seeking registration of 225,000 shares of Common Stock. The company proposes to offer this stock in exchange for common stock of The American Envelope Company on the basis of three quarters of a share of Kimberly-Clark stock for each share of American Envelope stock.

Kimberly-Clark wishes to acquire all of the 300,000 outstanding shares of American Envelope common stock. It will not be obligated to carry out the exchange unless all such shares are deposited on or before February 27, 1959, in acceptance of the exchange offer.

The terms and conditions of the exchange offer were negotiated with two of American Envelope's officers and directors, and were incorporated in an agreement entered into with Carlton W. Smith, Albert E. Smith, Carlton W. Smith as Trustee for Jeannette H. Smith and others under a 1935 trust agreement, and Jessie B. Bertschy as Trustee for herself and two others under another 1935 trust agreement, who collectively own approximately 65% of the outstanding American Envelope stock.

#### CENTRAL ILLINOIS PUBLIC SERVICE PROPOSES BOND OFFERING

Central Illinois Public Service Company, 607 East Adams St., Springfield, Ill., today filed a registration statement (File 2-14656) with the SEC seeking registration of \$12,000,000 of First Mortgage Bonds, Series H, due January 1, 1989, to be offered for public sale at competitive bidding. Net proceeds of the sale of the bonds will be used to finance a part of the company's construction expenditures which are estimated at about \$28,000,000 for 1959.

#### COURT ENJOINS TODD AND LOOMIS

The SEC Boston Regional Office announced December 23, 1958, that the U. S. District Court in Boston had issued a Final Judgment permanently enjoining F. Payson Todd, doing business as The New England Counsellor, and Ralph L. Loomis, from further violations of registration and anti-fraud provisions of the Federal Securities Laws and Investment Advisers Act of 1940 in the offer and sale of Canadian Javelin Ltd. common stock (Lit. Release, 1384).

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## COURT DISSOLVES ORDER RESTRAINING SEC ACTION

The SEC Denver Regional Office announced December 15, 1958, that the U. S. District Court (Utah) had dissolved a temporary restraining order restraining the conduct of administrative proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Ned J. Bowman Co. should be revoked. The Court also denied a motion for preliminary injunction and dismissed Bowman's complaint. (Lit. Release 1387)

## SEC COMPLAINT CITES NEWMAN ASSOCIATES

The SEC New York Regional Office announced December 30, 1958, the filing of a complaint in the U. S. District Court for New Jersey seeking to enjoin Philip Newman Associates of Newark from further violations of the registration and anti-fraud provisions of the Securities Act in the sale of Monarch Asbestos Company, Ltd., stock (Lit Release 1385).

## INDICTMENT CHARGES FRAUD IN SALE OF TEXAS WESTERN OIL SHARES

The SEC New York Regional Office announced December 30, 1958, that an indictment had been returned by Federal grand jury in Newark, N. J., charging violations of anti-fraud provisions of Securities Act in sale of Texas Western Oil Co. stock by Dudley Pritchett South, Jr., of Houston, Texas Western Oil and certain other companies, William Newman, Joseph Ehrlich and Harry Reiss (Lit. Release 1386).

## AMERICAN FOUNDERS LIFE FILES FOR BALANCE OF SUBSCRIPTIONS

The American Founders Life Insurance Company of Denver, Colo., 1330 Leyden St., Denver, filed a registration statement (File 2-14651) with the SEC on December 29, 1958, seeking registration of 188,689 shares of common stock, issuable upon payment of balances due on prior subscription agreements.

## CHESAPEAKE INDUSTRIES GRANTED EXEMPTION

The SEC has issued an order (Release 35-13904) granting an application of Chesapeake Industries, Inc., and its wholly-owned subsidiary, Theta Enterprises, Inc., both of New York, for exemption of the two companies, as holding companies, and their subsidiaries, as such, from provisions of the Holding Company Act. Chesapeake's only public-utility subsidiary is Portsmouth Gas Company, which operates in Ohio. Chesapeake's interest in Portsmouth and in two other companies is being transferred to Theta as part of an agreement pursuant to which Prudential Insurance Company of America will loan \$7,000,000 to Theta against the pledge of the stock and bonds of Portsmouth and the stocks of the other two companies. The Commission's exemption order was conditioned, among other things, upon payment of all arrears of dividends on all series of outstanding preferred stock of Chesapeake not later than February 1, 1959, and upon the further condition that holders of Chesapeake preferred shall be entitled to elect a majority of the directors of that company whenever the preferred dividends shall be in arrears in an amount equivalent to four quarterly dividend payments, or more.

## FLORIDA GROWTH FUND PURCHASE OF UNION FINANCE DEBENTURES AUTHORIZED

The SEC has issued an exemption order under the Investment Company Act (Release 40-2812) permitting Florida Growth Fund, Inc., to purchase \$25,000 of 6% Convertible Capital Debentures of Union Finance Corporation, being part of a \$500,000 offering of debentures by Union Finance Corporation, under a registration statement which became effective December 9, 1958. Because of an affiliation between the Fund and one of the underwriters, such purchase is prohibited by the Act unless an exemption is granted by the Commission.