

# 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.

FOR RELEASE October 22, 1957

## SOUTHERN COLORADO POWER FILES BOND FINANCING PROPOSAL

Southern Colorado Power Company, Pueblo, Colo., filed a registration statement (File 2-13700) with the SEC on October 21, 1957, seeking registration of \$1,780,780 ~~shares~~ of Convertible Debentures, due December 1, 1972. The company proposes to offer the debentures for subscription by common stockholders at 100% principal amount, and at the rate of \$100 of debentures for each 40 shares of stock held. The record date, interest rate and underwriting terms are to be supplied by amendment. The underwriting group is headed by Stone & Webster Securities Corporation and Paine, Webber Jackson & Curtis.

The company proposes to apply the net proceeds of this financing, together with the proceeds of the issuance and sale to an institutional investor of \$1,500,000 of First Mortgage Bonds, 5-3/8% Series, due November 1, 1982, to the payment in part of obligations incurred or to be incurred in connection with its construction program during 1957 and 1958 or for the payment of bank loans made in connection therewith. The company presently estimates that its 1957-59 construction program will require the expenditure of approximately \$7,500,000 during 1957 and 1958 and that expenditures to be made after December 31, 1958, to complete the major projects included in such program will approximate \$1,200,000.

## MYSTIC VALLEY GAS FILES FOR BOND OFFERING

Mystic Valley Gas Company, Malden, Mass., has applied to the SEC for an order authorizing its issuance and sale, at competitive bidding, of \$3,500,000 of First Mortgage Bonds, Series B, due November 1, 1977; and the Commission has issued an order giving interested persons until November 5, 1957, to request a hearing thereon. (See Holding Company Act Release No. 13568.) Net proceeds of this financing will be applied to the payment of short-term note indebtedness incurred for property additions and improvements and the balance, if any, will be used to pay for additional expenditures for such purposes or to reimburse the company's treasury therefor.

## LAWRENCE GAS PROPOSES BOND OFFERING

Lawrence Gas Company, Lawrence, Mass., has applied to the SEC for authorization to issue and sell, at competitive bidding, \$2,000,000 of First Mortgage Bonds, Series A, due November 1, 1977; and the Commission has issued an order giving interested persons until November 4, 1957, to request a hearing thereon. (See Holding Company Act Release No. 13570.) The net proceeds of the sale of the bonds are to be used for the payment of bank borrowings for construction purposes (amounting to \$1,675,000 at September 30th) and, to the extent of the balance, if any, for further construction expenditures.

\* \* \* \*

For further details, call ST. 3-7600, ext. 5526

(OVER)

## MIDDLE SOUTH PROPOSES COMMON STOCK OFFERING

Middle South Utilities, Inc., New York, has applied to the SEC for authorization to issue and sell, at competitive bidding, 451,894 shares of its \$10 par common stock; and the Commission has issued an order giving interested persons until November 5, 1957, to request a hearing thereon. (See Holding Company Act Release No. 13569.) Of the net proceeds, Middle South proposes to invest approximately \$10,300,000 in additional stock of two of its subsidiaries (Louisiana Power & Light Company and New Orleans Public Service, Inc.) prior to the year-end for the purpose of providing them with a portion of the funds needed to carry out their construction programs. Of the remainder of the proceeds, \$1,275,000 will be used to repay bank loans and the balance will be held in Middle South's treasury for future investments in operating subsidiaries and for other corporate purposes. Any such further investments will be the subject of separate applications at a later date.

## TRANSCONTINENTAL GAS PIPE LINE FILES FOR THRIFT PLAN

Transcontinental Gas Pipe Line Corporation, Houston, today filed a registration statement (File 2-13699) with the SEC seeking registration of \$4,030,000 interests in its Thrift Plan for Employees, together with 213,509 shares of its common stock, 89,555 shares of its \$2.55 Series, 46,860 of its \$4.90 series, and 39,900 shares of its \$5.96 Series of preferred stocks which may be purchased pursuant to said plan.

## SEC STAFF QUESTIONS RETAINABILITY OF CERTAIN COLUMBIA GAS PROPERTIES

The Division of Corporate Regulation of the Securities and Exchange Commission has recommended to the Commission that it deny a motion filed by The Columbia Gas System, Inc., New York holding company, for release of jurisdiction over the retainability, and thereby permit retention, of certain System companies and properties.

At the time of the Commission's decision in 1944 with respect to compliance by Columbia with the integration requirements of the Holding Company Act, the Commission concluded that the major portion of the System properties, including particularly the subsidiaries operating in the areas of Ohio, West Virginia, and western Pennsylvania could be retained by Columbia as constituting a single integrated system, or three integrated systems satisfying the standards of the Act. However, the Commission reserved jurisdiction over the question of the retainability of the following:

- Home Gas Company, a New York corporation operating a gas transmission system extending across the southern part of New York State
- Binghamton Gas Works, a New York corporation which distributes gas at retail in New York in and around Binghamton, Endicott, Johnson City and Union
- The Keystone Gas Company, Inc., a New York corporation which distributes natural gas at retail in New York in and around Olean, Horseheads and Walton
- Atlantic Seaboard Corporation, a Delaware corporation which operates a natural gas transmission system transporting natural gas across Kentucky, West Virginia, Virginia and Maryland, which gas is sold principally to non-associated companies for retail distribution in Washington, D. C., Baltimore, Md., and other eastern communities
- Amere Gas Utilities Company, a West Virginia corporation which distributes gas at retail in West Virginia, principally in and around Beckley and Princeton

Virginia Gas Distribution Corporation, a Virginia corporation which distributes gas at retail in and around Staunton, Waynesboro, Covington and Clinton Forge, Va.

There is also involved the question of the retainability of the Coatesville-Port Jervis transmission line owned by The Manufacturers Light and Heat Company, another subsidiary of Columbia, which was constructed in 1948 to transport gas between Coatesville, Pa., and Port Jervis, N. Y.

Columbia has contended that these properties, together with the properties found retainable in 1944, constitute a single integrated system. The Division contends that such properties do not constitute part of Columbia's single integrated system and recommends that the motion be denied. The Division also recommends that a hearing be ordered on the question whether the distribution companies are additional systems and the pipe lines incidental businesses retainable under the applicable standards of the Act.

Following the filing by Columbia of an answering brief and of reply briefs, the motion will be scheduled for oral argument before the Commission. If the motion is denied, the question of the retainability of the interests as additional systems and incidental businesses will be scheduled for hearing at a later date before a Hearing Examiner.

#### STOP ORDER PROCEEDINGS INSTITUTED AGAINST THE FALL RIVER POWER CO.

The Securities and Exchange Commission today announced the institution of "stop order" proceedings under the Securities Act of 1933 to determine whether a registration statement filed by The Fall River Power Company, of Colorado Springs, Colo., covering a proposed public offering of \$1,000,000 of stock, should be suspended for alleged failure to comply with the disclosure requirements of the law. A hearing for the purpose of taking evidence therein is scheduled for October 28, 1957, in the Commission's Denver Regional Office.

Fall River's registration statement was filed with the Commission on August 23, 1957. It proposed the public offering of 500,000 shares of common stock at \$2 per share. No underwriting is involved. According to the company's prospectus, it owns certain mining properties in addition to its hydro-electric facilities, water rights, and the Lucania transportation tunnel. The power plant was last operated in 1945. The business intended to be carried on is that of a public utility and the operation of the mining properties. Mining development is said to be in progress with the company reopening the Rara Avis Mine in Gilpin County, Colorado.

Recently, a new group acquired control of Fall River from Henry de Linde, who received \$150,000 from the new group for a portion of his stock, returned additional shares to the company for a \$500,000 note of the company, and retained 250,000 of the 1,320,967 reclassified shares. The new group is headed by Mark H. Stepelton, President, of Colorado Springs, who owns 650,000 shares (49.206%) of the outstanding shares. He and his associates received a total of 969,395 shares in exchange for certain properties turned over to the company; and, according to the prospectus, the combined cost of the stockholdings of the promotion group is \$176,311.10 (including the \$150,000 paid to de Linde) and properties costing in excess of \$50,000.

(Continued)

The Commission's order challenges the adequacy and accuracy of various informational disclosures contained in Fall River's registration statement and prospectus. Among these are disclosures with respect to the nature of the business done and intended to be done, including plans for the utilization of the hydro-electric facilities, water rights, transportation properties, and mining properties; the condition of the hydro-electric properties and the appraised replacement cost thereof; the nature of the water rights, and the appraised value thereof; the status of development of the mining properties, the assays, and the expressed belief that the enterprise will be a commercially profitable operation and that richer ore with depth will be found; and the form and content of the financial information, including the reflection therein of the aforementioned appraisals and other arbitrary valuations of properties.

Furthermore, the order of the Commission challenges the adequacy and accuracy of information with respect to the proposed plan of distribution of the stock and the proposed use of the proceeds thereof; transactions between Fall River and its promoters; and the interests of persons having a material relationship with Fall River, in properties acquired by Fall River within two years otherwise than in the ordinary course of business, the amounts at which the properties were acquired and the cost of said properties to the sellers.

#### (a) GIANT PETROLEUM OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public offering of stock by Giant Petroleum Corporation, New York, N. Y. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Giant Petroleum filed its Regulation A notification on July 22, 1957, proposing the public offering of 150,000 shares of common stock at \$2 per share. In its suspension order, the Commission asserts that the company's offering circular contains untrue statements of material facts and omits to state material facts necessary to make not misleading the facts stated. Among such misstatements and omissions are the following: (a) the failure to disclose that the offering price of the shares bears no reasonable relationship to the net value of the assets to be acquired from the promoters; (b) the failure to disclose that the issuer's present net income per share of outstanding stock is negligible; (c) and the failure to disclose various material information concerning, reserves, allowables, fractional interests, dry holes, prior history of production, and prior secondary recovery efforts on the various properties to be acquired by the issuer.

#### (b) SIMPLEX PRECAST SUSPENSION VACATED

The Commission has vacated its order of August 6, 1957, temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering by Simplex Precast Industries, Inc., Norristown, Pa., of 300,000 shares of its common stock at \$1 per share.

The Commission's suspension order was based upon the failure of Simplex Precast to comply with the terms and conditions of Regulation A, namely, its failure to file the required semi-annual reports of stock sales pursuant to the offering. Subsequently, such a report was filed reflecting the sale of 12,925 shares. In addition, the company filed a request that the suspension order be vacated, accompanied by information to establish that the failure to file the report was due entirely to inadvertence. In view of the foregoing, the Commission determined to lift the suspension. (See Securities Act Release No. 3850.)

#### SEC REVOKES CANADIAN STOCK LETTER REGISTRATION

In a decision announced today, the SEC revoked the investment adviser registration of James Cordas, doing business as The Canadian Stock Letter, of Chicago. Cordas consented to the revocation.

According to the Commission's decision, Cordas listed his principal place of business as 19 S. LaSalle Street, Chicago, when he applied for registration in March, 1955. In an amendment filed November 29, 1956, Cordas listed a change in address to 723 W. Chicago Avenue, East Chicago, Indiana. It was admitted by Cordas, and the Commission ruled, that in said amendment he "willfully made an untrue statement of a material fact, inasmuch as the Indiana address was merely a place at which he had made arrangements to have his mail received and he conducted no business there." In fact, according to the decision, the mail received at the Indiana address was merely put in other envelopes and readdressed to Cordas at his Illinois address. According to Cordas' counsel, Cordas applied in 1956 for registration in Illinois under a state statute requiring registration of investment advisers, and such application was denied. Subsequently, Cordas was allowed to withdraw his Illinois application; and it was following such withdrawal that he sought to establish an Indiana address.

Cordas also admitted and the Commission found that on February 26, 1957, he was temporarily enjoined by a decree of the Circuit Court of Cook County, State of Illinois, from acting as an investment adviser in Illinois without being registered as an investment adviser in that state.

Under the circumstances, the Commission concluded that it was in the public interest to revoke Cordas' registration as an investment adviser.

---oooOooo---