

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 August 21, 1958

SEC ORDERS DELISTING OF NORTH AMERICAN RESOURCES STOCK

In a decision announced today, the Securities and Exchange Commission ordered the withdrawal of the common stock of North American Resources Corp., Reno, Nevada, from listing and registration on the Salt Lake Stock Exchange for failure to file a report concerning a 6,750,000-share transaction and for filing a proxy statement containing materially false and misleading information.

North American Resources stock was listed and registered on the Exchange in 1935 (when it was called Miners Gold Mining Company). According to the Commission's decision, Arthur L. Damon, Sr., acquired control of the company in April or May, 1956, through the purchase with certain associates of approximately 300,000 common shares of the 2,000,000 shares then authorized and outstanding. The company was then dormant. At a special stockholders meeting on October 12, 1956, the authorized shares were increased to 10,000,000 shares and the present name was adopted. In December 1956, 6,750,000 of the newly-authorized shares were issued in exchange for the assets of Reno Mines, Inc., a company which had been organized by Damon, consisting of two properties in California known as the Garnet Hill and Eldorado mines. Failure to report this material transaction violated the Commission's reporting requirements.

The Commission also ruled that information concerning this transaction contained in the proxy statement filed in September 1956 seeking stockholder approval of the increase in authorized common shares was false and misleading. This proxy statement stated that a portion of the new shares would be traded or exchanged for oil and gas leases, royalties and mining properties. In this connection it stated: "However no negotiations in this respect have been undertaken and the Board of Directors does not presently have in mind any specific properties for acquisition. In addition, there have been no plans, agreements or discussions concerning the present program of expansion or acquisitions in which the company or its officers and directors or any prospective officer or director have been or are now engaged."

However, according to the Commission's decision, shortly after Damon purchased the stock of North American Resources and well in advance of the date when the proxy statement was distributed, he formulated a plan for the acquisition by North American Resources of the Garnet Hill and Eldorado mines. These were ultimately culminated in October 1956, shortly after the stockholders voted to approve the increase in authorized shares. Instead of having the properties transferred directly to North American Resources, Damon caused them to be first transferred to Reno Mines, which prior to that time was a corporate shell with no properties and no outstanding securities. Reno Mines thereupon transferred the mines to North American Resources for 6,750,000 shares of the latter's stock. These shares then were distributed to Reno Mines' stockholders, including Damon and members of his family and E. J. Gunther, an associate of Damon's in the latter's purchase of North American Resources stock and who had lent Damon \$10,000 to finance his purchase of such stock. Failure to disclose this and related information in the North American Resources proxy statement violated its proxy rules, the Commission stated.

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The Johnston Mutual Fund, Inc., New York investment company, filed an amendment on August 20, 1958 to its registration statement (File 2-11516) seeking registration of an additional 200,000 shares of Capital Stock, \$1 par value.

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TENNESSEE GAS TRANSMISSION PROPOSES BOND OFFERING

Tennessee Gas Transmission Company, Houston, Texas, filed a registration statement (File 2-14310) with the SEC on August 20, 1958, seeking registration of \$50,000,000 of First Mortgage Pipe Line Bonds, Series due 1979, to be offered for public sale through an underwriting group headed by Stone & Webster Securities Corporation, White, Weld & Co., and Halsey, Stuart & Co., Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Part of the net proceeds of the sale of the bonds will be applied on the payment of the company's outstanding short-term notes issued under its revolving credit agreement, the proceeds of which were used by the company in its expansion program; another unspecified portion will be used from time to time as the company's expansion program progresses; and the balance will be added to the general funds of the company. The cost of completing construction programs now in progress aggregates \$99,000,000; and applications pending before the Federal Power Commission propose additional facilities estimated to cost \$20,000,000.

MASON MORTGAGE & INVESTMENT PROPOSES FINANCING

Mason Mortgage & Investment Corp., Washington, D. C., filed a registration statement (File 2-14311) with the SEC on August 20, 1958, seeking registration of \$6,000,000 of Warranty and Repurchase Agreements and 5,000 shares of Cumulative Preferred Stock, 6% Dividend Series, \$200 par.

The principal business of the company is the purchase for resale of whole second mortgage notes secured by mortgages on improved real estate. In connection with each mortgage note it sells, the company will offer a warranty and repurchase agreement. Such agreement, which runs for an initial period of three years, provides in substance that if a default on a mortgage note covered thereby continues for 45 days, the company will repurchase such mortgage note for the full amount of the holder's investment less any principal payments received, the holder retaining all interest payments received prior to default. These agreements will be offered only in connection with the sale of mortgage notes.

The 5,000 shares of preferred stock will also be offered, at \$200 per share, principally to holders of whole mortgage notes and related warranty agreements, although the company reserves the right to offer such stock to others. Net proceeds of the sale of the preferred stock and from the sale of mortgage notes with accompanying warranty agreements will be added to the general funds of the company and used principally for the purchase of additional mortgage notes for resale to others. The company was organized under Delaware law in 1954. Edward Mason is listed as president and principal stockholder.

SEC CLEARS PENNSYLVANIA POWER BOND FINANCING

The SEC has issued an order authorizing Pennsylvania Power Company, New Castle, Pa., to issue and sell, at competitive bidding, \$8,000,000 of First Mortgage Bonds, with 30-year maturity. Net proceeds, together with treasury funds, as required, will be applied to the redemption of the \$8,000,000 of presently outstanding First Mortgage Bonds, 5% Series due 1987, at the redemption price of 105.78% of principal amount if redeemed on or before September 30, 1958, or at 105.58% if redeemed thereafter.

INDIANA & MICHIGAN ELECTRIC PROPOSES BORROWINGS

Indiana & Michigan Electric Company, Ft. Wayne, has applied to the SEC for authorization to issue \$21,000,000 of unsecured promissory notes to a group of ten banks; and the Commission has issued an order giving interested persons until September 4, 1958, to request a hearing thereon. The company has already borrowed \$2,500,000 and states that it may borrow an additional \$10,100,000 under an exemption from SEC approval. It seeks approval of the balance of the proposed borrowings. The funds will be used to pay part of the cost of the company's construction program, which is estimated to involve \$35,300,000 of expenditures during the last nine months of 1958.

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OHIO POWER PROPOSES BORROWINGS

Ohio Power Company, Canton, has applied to the SEC for authorization to issue \$40,000,000 of unsecured promissory notes to a group of ten banks; and the Commission has issued an order giving interested persons until September 4, 1958 to request a hearing thereon. The company has already borrowed \$13,000,000 and states that it may borrow an additional \$8,700,000 under an exemption from SEC approval. It seeks approval of the balance of the proposed borrowings. The funds will be used to pay part of the costs of the company's construction program which, it is estimated, will amount to \$22,000,000 for the last six months of 1958 and \$30,000,000 for the first six months of 1959.

TEXAS EASTERN TRANSMISSION PROPOSES BOND OFFERING

Texas Eastern Transmission Corporation, Shreveport, La., today filed a registration statement (File 2-14312) with the SEC seeking registration of \$35,000,000 of First Mortgage Pipe Line Bonds, Series due 1978, to be offered for public sale through an underwriting group headed by Dillon, Read & Co., Inc. The interest rate, public offering price, and underwriting terms are to be supplied by amendment. Net proceeds of the financing will be added to corporate funds, and substantially all of such proceeds will be used in connection with the construction programs, of Texas Eastern and its subsidiary, Texas Eastern Penn-Jersey Transmission Corporation, involving expenditures estimated at approximately \$82,000,000 in 1958.

CHAMPION SPARK PLUG FILES FOR SECONDARY

Champion Spark Plug Company, Toledo, O., today filed a registration statement (File 2-4313) with the SEC seeking registration of 748,200 outstanding shares of Common Stock, to be offered for public sale by the present holders thereof through an underwriting group headed by Hornblower & Weeks, Glore, Forgan & Co., and Merrill Lynch, Pierce, Fenner & Smith. The public offering price and underwriting terms are to be supplied by amendment.

The 748,200 shares represent 12.3% of the 6,064,860 outstanding shares of the company's stock. 4,371,300 shares, or 72%, are held by The Toledo Trust Company, as Trustee, of which 4,243,800 shares are held in various trusts for the benefit of members of the R. A. Stranahan, Sr. and F. D. Stranahan families. The trustee proposes to sell two blocks of stock, as follows: (1) 556,200 of 916,200 shares held in trusts the primary beneficiaries of which are members of the R. A. Stranahan, Sr. and the F. D. Stranahan families; and (2) 192,000 of 216,000 shares held in trusts the primary beneficiaries of which are members of the F. D. Stranahan family. The prospectus lists Robert A. Stranahan, Sr., as Board Chairman and Frank D. Stranahan as Co-Chairman.

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