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

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PERMANENT INJUNCTION ISSUED BY COURT IN ARVIDA CASE SEC DISCONTINUES ADMINISTRATIVE PROCEEDINGS

The Securities and Exchange Commission announced that Judge Gregory F. Noonan of the United States District Court, Southern District of New York, today entered a decree permanently enjoining Arvida Corporation, Carl M. Loeb, Rhoades & Company, Dominick & Dominick, and certain individuals defendants from violating Section 5(c) of the registration provisions of the Securities Act of 1933 in the offer for sale of common stock or any other securities of Arvida Corporation. Section 5(c) of the Act prohibits public offerings of securities before a registration statement has been filed with the Commission covering the securities to be offered.

The Commission also announced the issuance today of an order disposing of its administrative proceedings under the Securities Exchange Act of 1934 to determine whether Section 5(c) of the Securities Act was violated by Carl M. Loeb, Rhoades & Company and Dominick & Dominick and, if so, whether the broker-dealer registrations of the two firms should be revoked and/or whether they should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

The Commission concluded that the two broker-dealer firms had violated Section 5(c) of the Securities Act by offering Arvida stock for public sale in advance of the filing of a registration statement. However, under the circumstances of this case, to be set forth in its definitive Findings and Opinion to be issued later, the Commission concluded that it is not necessary or appropriate in the public interest to revoke the broker-dealer registrations of the two firms or to suspend or expel them from NASD membership. Accordingly, the Commission ordered the discontinuance of its administrative proceedings.

All of the defendants consented to the entry of the Court's injunction decree and also stipulated and agreed to the findings of fact which were adopted by the Court and formed the basis for the Court's ruling. The Court found that, although the defendants appeared to have acted in good faith and to have had no intention to violate the Securities Act, and although they continue to deny that their activities violated the statute, their activities nevertheless constituted a violation of Section 5(c) of the Securities Act.

The Court found, among other things, that on July 8, 1958, following a meeting of the defendants, an announcement was released to the Press generally describing a program whereby Arvida would be organized for the purpose of acquiring certain Florida real estate from Arthur Vining Davis and would make a public offering of securities. Thereafter, on September 18, 1958, after Arvida had accepted the terms of an offer by the two defendant broker-dealer firms to participate in the public offering of approximately \$27,500,000 of Arvida stock, another release was issued to the Press giving further facts with respect to Arvida, its plans for developing the properties acquired from Davis, and the proposed stock offering. In addition, at a meeting with the Press on the same day, one of the individual defendants answered questions concerning the proposed financing and advised that the stock would be offered for public sale at a price of about \$10 or \$11 per share. The substance of the press release and the press conference was reported in numerous news media throughout the country.

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The Court found that these announcements were properly to be construed as an offer to sell or an attempt to dispose of Arvida stock. Since Arvida had not then filed a registration statement with the Commission under the Securities Act, such offering constituted a violation of Section 5(c) of that Act. (The registration statement in fact was not filed until October 27, 1958, nearly six weeks after the September 18th announcement of the offering proposal.)

The stipulated findings of fact included in the Court decision, and the ruling of the Commission in its administrative proceedings, were based in part upon evidence developed in a private investigation conducted by the Commission. The two broker-dealer respondents in the administrative proceedings stipulated that the record of this investigation and in the court proceeding may serve as the official record for purposes of the administrative proceedings; and they waived hearings and argument subject to the condition that these waivers and stipulations would not have been binding had the Commission determined that the imposition of a sanction was necessary in the public interest.

GULF STATES UTILITIES FILES FINANCING PROPOSAL

Gulf States Utilities Company, 285 Liberty Ave., Beaumont, Texas, filed a registration statement (File 2-14597) with the SEC on December 11, 1958, seeking registration of 100,000 shares of Preferred Stock, \$100 par, and \$10,000,000 of First Mortgage Bonds, Series due 1989. The company proposes to offer the preferred stock and the bonds for public sale at competitive bidding.

Net proceeds of the financing will be used to pay off short-term notes issued to provide funds for construction purposes, of which some \$13,000,000 will be outstanding prior to the receipt of such proceeds, and the balance will be used to carry forward the construction program and for other corporate purposes. It is presently expected that construction expenditures for the years 1958-59 will total approximately \$108,000,000, of which \$43,557,000 was expended through October 31, 1958.

ST. REGIS PAPER FILES FOR EXCHANGE OFFER

St. Regis Paper Company, 150 East 42nd St., New York, filed a registration statement (File 2-14598) with the SEC on December 11, 1958, seeking registration of 288,450 shares of Common Stock. The company proposes to offer the stock in exchange for outstanding shares of the capital stock of F. J. Kress Box Company on the basis of two and one-quarter shares of St. Regis common for each share of capital stock of Kress. St. Regis will declare the exchange offer effective if 95% of the outstanding shares of Kress stock are deposited in exchange and may elect to do so if a lesser percent, but not less than 80%, of Kress shares, are so deposited.

The company's ownership of not less than 80% of all the Kress capital stock will enable it to control the business operations and policies of Kress. In the event the offer of exchange is declared effective, St. Regis intends eventually to cause appropriate proceedings to be taken for the dissolution and liquidation or merger of Kress with and into St. Regis.

St. Regis is said to hold written options from twelve individual holders of a total of 103,360 shares (80.68%) of the outstanding stock of Kress providing for the exchange of Kress shares for shares of St. Regis stock on the same basis of exchange as is proposed under this offer. Kress plants are located in Pittsburgh, Pa., Newark, O., and Hagerstown, Md.

DELISTING OF RAPHAEL WEILL STOCK PROPOSED

The Pacific Coast Stock Exchange has applied to the SEC for an order permitting it to strike from listing and registration the common stock of Raphael Weill & Company; and the Commission has issued an order (Release 34-5831) giving interested persons until December 23, 1958 to request a hearing thereon. According to the application, California Century Stores, Inc., holds 136,447 of the 147,720 outstanding shares of Weill & Co. stock, leaving only 11,273 shares in the hands of 83 shareholders. The Company concurs in the delisting application.

EAST OHIO GAS NOTE PURCHASE APPROVED

The East Ohio Gas Company, Cleveland, has received SEC authorization (Release 35-13885) to purchase a three-year 5½% promissory note of Tracco Cleveland, Inc. East Ohio owns and occupies an office building in Cleveland which within the next ten years will not provide adequate office space. Accordingly, it proposes to enter into a long-term lease for office space in an office building under construction in Cleveland by Tracco and expected to be completed before September 30, 1959. In connection with such transaction, East Ohio intends to sell its office premises. Tracco has agreed to purchase the properties for \$2,600,000, of which \$775,000 will be paid in cash and the balance of \$1,825,000 by the issuance of the three-year note.

NATIONAL GAS & OIL GRANTED EXEMPTION

The SEC has issued an order (Release 35-13884) declaring that National Gas & Oil Corporation, Newark, Ohio, has ceased to be a holding company as defined in the Holding Company Act. According to the company's application, it merged in 1955 with its only public-utility subsidiary, The Newark Consumers Gas Company and is no longer a holding company.

PENN-DAW REAL ESTATE INVESTMENT TRUST FILES FOR OFFERING

Penn-Daw Limited Partnership and the Penn-Daw Real Estate Investment Trust, Seven Corners Shopping Center, Fairfax County, Va., filed a registration statement (File 2-14599) with the SEC on December 11, 1958, seeking registration of \$300,050 of Limited Partnership Interests in 42½% of the Partnership (to be offered for public sale at \$3,530 per ½% interest), and \$337,025 of Beneficial Trust Certificates in the Investment Trust (85 certificates to be offered at \$3,965 per certificate). No underwriting is involved.

According to the prospectus, the Partnership has two general partners, Richard H. Swesnik and Herbert Blum, of 407 Tower Building, Washington, D. C., who own 15% of the Partnership interests. The remaining 85% will be owned by limited partners. The Investment Trust has acquired 42½% of the Partnership interests as a limited partner, and has agreed to contribute to the Partnership \$300,050 for such interest. The remaining 42½% interest in the Partnership is to be offered at \$3,530 for each ½% limited partnership interest. Dana Hodgdon and W. Lyles Carr, Jr., are listed as Co-Trustees of the Investment Trust.

The purpose of the offering by the Partnership is to acquire the funds necessary to purchase real estate consisting of a fully improved shopping center approximately one mile south of Alexandria, Va., on U. S. Highway No. 1 at the intersection of Kings Highway. The purpose of the offering by the Investment Trust is to acquire the funds to pay for its investment in the partnership.

Swesnik and Blum have entered into a contract dated November 11, 1958, with Greenbelt Consumers Services, Inc., to purchase, when completed, a shopping center to be constructed by Greenbelt. The purchase price of such property is \$1,400,000. \$600,000 will be required to be paid in cash and the \$800,000 balance to be financed by a 20-year self-amortizing first deed of trust. The contract provides that the entire shopping center will be leased to Greenbelt. Swesnik and Blum have assigned all of their interests in such contract to the Partnership. Upon settlement for the sale of the shopping center as provided in the contract, the Partnership will own the land and all the buildings thereon and will be the landlord under the lease agreement to Greenbelt.

UNITED ASBESTOS CORP. PROPOSES STOCK OFFERING

United Asbestos Corporation Limited, 132 St. James Street West, Montreal, Quebec, Canada, today filed a registration statement (File 2-14600) with the SEC seeking registration of 1,000,000 shares of Capital Stock. The stock is to be offered for public sale through an underwriting group headed by Allen & Company. The public offering price and underwriting terms are to be filed by amendment.

The company proposes to enter upon a program of searching for other mining properties; such program may be conducted through the employment of prospectors or by means of ground or airborne geophysical surveys or the use of other techniques available to the mining industry, or properties may be optioned or acquired by the company for further exploration and development.

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The company has no specific mining properties or mineral deposits presently in view for exploration or acquisition, and cannot at this time specify any definite program for the application of the proceeds of this financing. The company also may acquire a majority or other substantial interest in one or more mining, industrial or commercial enterprises and in such cases may operate such enterprises.

According to the prospectus, the company is entitled to receive a share of the net proceeds from sales of asbestos produced by Asbestos of Quebec, Ltd., a subsidiary of American Smelting and Refining Company, at properties near the town of Black Lake, Quebec. These properties were placed in production within the past few months.

TRI-CONTINENTAL WITHDRAWS PURCHASE PROPOSAL

Tri-Continental Corporation and Tri-Continental Financial Corporation have withdrawn their application (Release 40-2806) to the SEC for an exemption order under the Investment Company Act permitting the purchase by the two investment companies of unsecured notes of Stanrock Uranium Mines Limited and the purchase by Stanrock of certain of its outstanding first mortgage bonds from both companies, conditional upon the consummation of a proposed financing program of Stanrock. Stanrock has advised the investment companies that it will not proceed with the financing program proposed in the application (For details, see Release 40-2793).

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