

# SECURITIES AND EXCHANGE COMMISSION

# NEWS DIGEST



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

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FOR RELEASE May 8, 1959

## MANSFIELD TIRE FILES FOR DEBENTURE OFFERING

The Mansfield Tire & Rubber Company, 515 Newman St., Mansfield, Ohio, filed a registration statement (File 2-15083) with the SEC on May 7, 1959, seeking registration of \$5,100,000 of Convertible Subordinated Debentures, due June 1, 1974. The company proposes to offer the debentures for subscription by common stockholders of record June 2, 1959. The subscription rate, interest rate, subscription price and underwriting terms are to be supplied by amendment. A. G. Becker & Co., Inc., is listed as the principal underwriter.

Net proceeds of the sale of the debentures will be applied to the payment of short-term bank loans, and the balance will be used to augment working capital.

## PUBLIC SERVICE E & G FILES FOR BOND OFFERING

Public Service Electric and Gas Company, 80 Park Place, Newark, N. J., filed a registration statement (File 2-15084) with the SEC on May 7, 1959, seeking registration of \$50,000,000 of First and Refunding Mortgage Bonds, Series due 1989, to be offered for public sale at competitive bidding. Net proceeds will be added to the general funds of the company and used for general corporate purposes, including payment of a portion of the cost of the company's current construction program which, at February 28, 1959, amounted to approximately \$320,000,000.

## PHILADELPHIA ELECTRIC PROPOSES RIGHTS STOCK OFFERING

Philadelphia Electric Company, 1000 Chestnut St., Philadelphia, filed a registration statement (File 2-15085) with the SEC on May 7, 1959, seeking registration of 640,306 shares of common stock. The company proposes to offer this stock for subscription by common stockholders of record June 2, 1959, at the rate of one new share for each 20 shares then held. The subscription price and underwriting terms are to be supplied by amendment. Drexel & Co. and Morgan Stanley & Co. are listed as the principal underwriters. Net proceeds will be used to repay bank loans obtained for interim financing of construction, of which \$30 million are expected to be outstanding by mid-June 1959. Any remainder of the proceeds will be applied toward the company's expansion program, which involves expenditures estimated at \$96 million for the last 9 months of 1959, \$88 million in 1960, \$71 million in 1961, \$70 million in 1962 and \$90 million in 1963.

## SUSPENSION OF INSPIRATION LEAD OFFERING MADE PERMANENT

The Securities and Exchange Commission today announced the issuance of a decision permanently suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed stock offering by Inspiration Lead Company, Inc., Spokane, Wash., because of misleading statements contained in its offering circular.

In a notification filed May 2, 1958, Inspiration Lead proposed a public offering of 2,000,000 shares of Class B common stock with debenture warrants attached, at 15¢ a share. At the time of filing, Inspiration Lead had outstanding 2,631,859 Class A shares (assessable), 3,000,000 Class B shares (non-assessable), and debenture warrants in the amount of \$450,000.

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

In April 1958 Dayton Inspiration Gold Mining Corporation, a subsidiary, entered into an agreement with Dayton Consolidated Mines Corporation, an affiliate, covering certain gold mining properties located in Lyon and Storey Counties, Nevada. Dayton Inspiration was to furnish the funds to operate the properties, and the profits, if any, after repayment of advances and expenditures were to be divided 70% to Dayton Inspiration and 30% to Dayton Consolidated. W. T. Anderson, general manager of Inspiration Lead, is an officer and director of all three and directs their major policies.

In its decision, the Commission held that Inspiration Lead's offering circular contains misleading statements and omissions of fact in a number of respects. For example, the circular mentions the successful operation of the Dayton Consolidated properties prior to the suspension of operations in 1942 ordered by the War Production Board but omits the fact that operations were resumed in July 1948 and resulted in continuous losses from that time until the properties were shut down again in August 1950. These more recent unprofitable operations, the Commission held, are of more significance to prospective investors than the earlier operations. The Commission further held that there was a failure to disclose that there had been substantial increases in operating costs since 1942, while the price of gold has remained constant, and that while the milling of custom ore had contributed substantially to Dayton Consolidated's revenues in the pre-1942 period there is no indication of any ore available for milling at the present time. The circular also failed to disclose that there was no proven commercial ore and that the properties are subject to foreclosure because \$150,000 of Dayton Consolidated bonds, which became due in June 1953, are in default as to both principal and interest payments.

There also was a failure to disclose that Inspiration Lead has realized no profits on any of its past ventures, that it obtained public financing of more than \$850,000 through sales of stock and numerous assessments levied on the Class A stock, that 2,368,141 of 5,000,000 issued shares are held as treasury stock as a result of their having reverted back to the company from persons who failed to pay assessments, and that no market for either the Class A or Class B stock exists. In addition, the circular failed to state clearly that Dayton Inspiration cannot be expected to pay any dividends until after it has satisfied its obligations under the defaulted bonds and repaid all sums advanced for exploration and development; that any such dividends must come from net profits of mining operations and cannot exceed 70% of such profits; and that there is no agreement to compel Dayton Inspiration to pay dividends to Inspiration Lead.

The company's balance sheet contains a \$469,842 item said to cover mining claims and development costs, which was materially misleading without disclosing that exploration on the mining claims had been discontinued and that a substantial portion of the amount was paid for salaries and related administrative costs from January 1946 to March 1958. Nor was there disclosure that no cash consideration was paid on Class A stock assessments by officers and directors, such assessments being charged against directors fees.

#### PROCEEDINGS ORDERED ON DENIAL OF FRENCH & CO. REGISTRATION

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether it is appropriate in the public interest to deny an application for broker-dealer registration filed by R. D. French & Co., 625 Bank of the Southwest Building, Houston, Texas.

The French & Co. application for registration was filed April 9, 1959. It lists Robert Dermot French as president, treasurer and a director. Previously, in a decision dated December 28, 1955, the Commission denied an earlier application filed in May 1955 by French, doing business as French & Co. on the basis of a finding that French had sold securities in violation of the registration requirements of the Securities Act of 1933 and had violated various provisions of the Securities Exchange Act and Commission rules thereunder. The 1955 denial order also was based in part upon a court decree enjoining French from engaging in or continuing certain acts and practices in connection with the sale of securities.

The Commission has ordered a hearing to be held on May 14, 1959, in its Houston Branch Office, for the purpose of determining whether, in view of its 1955 decision and the court injunction decree issued in July 1954, it is necessary or appropriate in the public interest to deny the new registration application filed by French & Co.

J. P. LORD, INC., ENJOINED

The SEC Atlanta Regional Office announced May 6, 1959, that a court decree was issued that day

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(USDC, Miami) permanently enjoining J. P. Lord, Inc., and Jerry A. Musin, from further violations of the registration and anti-fraud provisions of the Securities Act in the offering and sale of securities of J. P. Lord, Inc. The two defendants consented to the injunction. A third defendant, E. Temple, has not yet been served with process.

#### BROCKTON EDISON FILES FOR BOND OFFERING

Brockton Edison Company, 36 Main St., Brockton, Mass., filed a registration statement (File 2-15086) with the SEC on May 7, 1959, seeking registration of \$5,000,000 of First Mortgage and Collateral Trust Bonds, Series due 1989, to be offered for public sale at competitive bidding. Net proceeds of the sale thereof will be used by the company to prepay its short-term bank loans, amounting to \$580,000, to purchase \$2,014,100 of Debenture Bonds and \$1,665,100 of common stock of Montaup Electric Company, and for construction purposes. Brockton's construction expenditures for 1959 are estimated at \$1,200,000. Montaup, whose stock is owned by Brockton and two other subsidiaries of Eastern Utilities Associates, of Boston, will use the proceeds of its sale of securities to pay a portion of bank loans incurred for its construction program.

#### VULCAN MATERIALS FILES EMPLOYEE STOCK PLAN AND EXCHANGE OFFER

Vulcan Materials Company, Mountain Brook, Alabama, filed a registration statement (File 2-15087) with the SEC on May 7, 1959, seeking registration of 252,526 shares of common stock. Of this stock, 142,526 shares represent the balance of 250,000 shares issuable upon the exercise of options granted key employees under the company's Employees Stock Option Plan.

The remaining 110,000 shares are to be issued to stockholders of Greystone Granite Quarries, Inc. and Pioneer Quarries Company, both North Carolina corporations, and to certain other parties in exchange for all the outstanding capital stock of Greystone and Pioneer and certain real and personal properties operated under lease by Pioneer. The principal properties of Greystone and Pioneer are stone quarries located at Buggs Island, Virginia, and at Henderson, Shelton, Stokesdale and Winston-Salem, North Carolina.

#### FLORIDA POWER PROPOSES BOND OFFERING

Florida Power & Light Company, Ingraham Bldg., Miami, today filed a registration statement (File 2-15088) with the SEC seeking registration of \$25,000,000 of First Mortgage Bonds, Series due 1989, to be offered for public sale at competitive bidding. Net proceeds thereof are to be used to provide additional electric facilities and for other corporate purposes, including repayment of \$7,000,000 of short-term bank loans made in March 1959 for similar purposes. The company estimates that its 1959-60 construction program will approximate \$157,000,000.

#### WORCESTER GAS LIGHT PROPOSES BOND OFFERING

Worcester Gas Light Company, 727 Massachusetts Ave., Cambridge, Mass., today filed a registration statement (File 2-15089) with the SEC seeking registration of \$5,000,000 of First Mortgage Sinking Fund Bonds, Series C, due 1979, to be offered for public sale at competitive bidding. Net proceeds will be applied to the cost of the company's construction program, including repayment of \$4,350,000 of advances for construction purposes by Worcester's parent, New England Gas and Electric Association. Such advances total \$5,200,000. The company's construction program for 1959 and 1960 involve expenditures estimated at \$4,968,000.

#### TWO SMALL BUSINESS INVESTMENT COS. GRANTED LIMITED EXEMPTION

The SEC has issued exemption orders under the Investment Company Act (Release 40-2877 and 40-2878) granting applications of The Third's Small Business Investment Company and First Small Business Investment Corporation of New England, respectively, for permission to have boards of directors consisting of persons who are officers or directors of their sponsoring banks, except one director of each who shall not be an officer, director or employee of the bank or of any affiliated person of the bank, or an officer or employee of the company.

The Third's Small Business Investment has outstanding 16,000 shares of stock, of which 10,000 shares are owned by the Third National Bank in Nashville and the balance by Third National Company. First Small Business Investment has outstanding 32,500 shares of capital stock, all of which is owned by The First National Bank of Boston.

**WITHDRAWAL OF STONE CONTAINER FROM MIDWEST EXCHANGE PROPOSED**

Stone Container Corporation has applied for withdrawal of its common stock from listing and registration on the Midwest Stock Exchange; and the Commission has issued an order (Release 34-5954) giving interested persons until May 22, 1959, to request a hearing thereon. The stock also is listed on the American Stock Exchange.

**UNLISTED TRADING SOUGHT BY PHILADELPHIA-BALTIMORE EXCHANGE**

The Philadelphia-Baltimore Stock Exchange has applied for unlisted trading privileges in the common stocks of Rohm & Haas Company and The Garrett Corporation, which are listed and registered on the New York Stock Exchange (Garrett stock also is listed on the Pacific Coast Stock Exchange); and the Commission has issued an order (Release 34-5954) giving interested persons until May 20, 1959, to request hearings thereon.

**UNLISTED TRADING IN COLUMBIA BROADCASTING GRANTED**

The SEC has granted an application of the Boston Stock Exchange for unlisted trading privileges in the common stock of Columbia Broadcasting System, Inc., which is listed and registered on the New York and Pacific Coast Stock Exchanges (Release 34-5954).

**COURT ORDER DIRECTS REPORTING BY PERUVIAN OIL CONCESSIONS**

By court order of May 4, 1959 (USDC, SDNY), Peruvian Oil Concessions Company, Inc., and Newton W. Mandel, an officer and director, were directed to file annual reports for 1955, 1956 and 1957 on or before May 20, 1959; that deficiencies in 1953 report be corrected by May 15, 1959; and that 1958 annual report be filed not later than May 30, 1959. Defendants consented to the decree.

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