

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, 1956

Statistical Release No. 1412

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended October 19, 1956, for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1956, is as follows:

	(1939 = 100)		Percent Change	1956	
	<u>10/19/56</u>	<u>10/12/56</u>		<u>High</u>	<u>Low</u>
Composite	340.5	344.4	- 1.1	366.2	319.0
Manufacturing	434.2	440.8	- 1.5	468.6	398.6
Durable Goods	421.4	426.2	- 1.1	437.6	369.4
Non-Durable Goods	446.4	454.7	- 1.8	500.8	425.2
Transportation	321.3	317.4	+ 1.2	353.0	303.2
Utility	152.7	152.5	+ 0.1	161.5	151.6
Trade, Finance & Service	299.6	302.6	- 1.0	325.5	290.7
Mining	336.3	340.8	- 1.3	383.2	326.8

Securities Exchange Act Release No. 5379

The Securities and Exchange Commission announced today the entry of an order for and notice of hearing under Section 19(a)(2) of the Securities Exchange Act of 1934 to determine whether it is necessary or appropriate for the protection of investors to suspend for a period not exceeding twelve months, or to withdraw, the registration on the American Stock Exchange of the capital stock of Great Sweet Grass Oils Limited, an Ontario corporation.

The order was based upon the fact that the Commission has reason to believe that Great Sweet Grass Oils Limited misrepresented its oil and gas reserves in a report filed with the Commission on January 24, 1956, relating to properties acquired from Depositors Mutual Oil Development Company, an Oklahoma corporation, and from Pitt Petroleums, Ltd., an Alberta corporation.

The order further states that the Commission has reason to believe that the balance sheet included in the annual report of Great Sweet Grass Oils Limited, filed with the Commission on May 16, 1956, was false and misleading in valuing the oil and gas properties to be acquired from Depositors Mutual Oil Development Company at \$6,597,500.

A public hearing will be held on November 13, 1956, in Washington, D. C., to determine whether it is necessary or appropriate to suspend or withdraw the registration of the capital stock of Great Sweet Grass Oils Limited on the American Stock Exchange.

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Chairman J. Sinclair Armstrong of the Securities and Exchange Commission today announced the appointment, effective November 17, 1956, of Andrew Barr as the Commission's Chief Accountant. Mr. Barr succeeds Earle C. King who, after 22 years service with the Commission, is resigning to join a firm of certified public accountants. In his capacity as Chief Accountant of the Commission, Mr. Barr will continue to supervise the accounting work of the Division of Corporation Finance until his successor as Chief Accountant for the Division is appointed.

A career public servant, Mr. Barr has served with the Commission for the past eighteen years in several important accounting positions, including that of Chief Accountant of the Division of Corporation Finance since 1949. His services have affected a vital phase of the Commission's over-all program of investor protection, that of the proper presentation of the financial condition and operating statements of corporations whose securities are offered for public sale or traded on our national securities exchanges. Both in the establishment of proper standards of disclosure in financial statements and in the review of such statements for compliance with requirements, Mr. Barr has made a valuable contribution to the work of the Commission and to the investing public. The special contributions he has made to improved standards of auditing and accounting were given recognition by the National Civil Service League in 1955, when he was one of ten recipients from all the Federal Civil Services of a Career Service Award given by the League as part of its First Annual Program, instituting such awards to outstanding career civil servants.

A Certified Public Accountant and member of the Illinois Society and the District of Columbia Institute of Certified Public Accounts, Mr. Barr is generally recognized in the accounting profession as one of the leading experts in the field of corporate financial accounting. He is a member of the American Institute of Accountants and has represented the Commission at many of the Institute's annual meetings and in conferences with its committees with respect to accounting procedures and standards. He has been active for 30 years in the American Accounting Association and is currently serving a one-year term as Vice President of that organization.

Mr. Barr also is a member of the National Association of Cost Accountants and has been active in the District of Columbia Chapter since 1948. He was elected a director of the Chapter for 1955-56 and for 1956-57 and is serving as its Director of Education, an assignment which

includes planning and conducting a series of discussion forums on accounting topics. He is also a member and one of the founders of the Federal Government Accountants Association and served as its fourth president in 1953-54.

Upon graduation from the University of Illinois in 1923, where he received a Master of Science degree in 1924, Mr. Barr engaged in the practice of public accounting for two years and then for twelve years served as Instructor and Assistant Professor of Accounting at Yale University. During this period he also did graduate work in Economics at Yale.

During World War II, Mr. Barr's work with the Commission was interrupted for five years, commencing February 1941, for military service. As a Major in the Cavalry Reserve, he was assigned to the 3rd Armored Division on its activation April 15, 1941. In Europe this division served in General "Lightnin' Joe" Collins' 7th Corps, in General Courtney Hodges' 1st Army. Mr. Barr remained with the Division throughout the war, serving, in the rank of Lieutenant Colonel, as Assistant Chief of Staff G-2 (Intelligence). He was promoted to Colonel on separation from active duty in March 1946. He served as President of the Third Armored Division Association in 1954-55.

Mr. Barr was born in Urbana, Ill., on May 6, 1901, and is unmarried.

Securities Act Release No. 3708

The Securities and Exchange Commission has issued a decision and order permanently suspending a Regulation A exemption from registration under the Securities Act of 1933 obtained by Selelevision Western, Inc., New York City, with respect to an offering through Whitney-Phoenix, Inc. as underwriter of 240,000 shares of Class A convertible common stock at \$1.25 per share.

The Commission's decision was based on non-compliance with provisions of Regulation A. The Commission found that a letter sent to prospective purchasers by the underwriter contained optimistic statements as to business prospects and future operations but failed to disclose that Selelevision Corporation of America, the parent of Selelevision Western, had discontinued part of its wire service the previous month. The Commission's opinion stated, "This was a material omission. Selelevision Western had been organized to finance the expansion in western states of Selelevision Corporation's new marketing system for fruits and vegetables which employs exchanges in key cities and a wire service carrying quotations on produce by the various exchanges on a closed circuit. The failure to disclose the discontinuance of wire service...made the optimistic statements in the letter materially misleading."

The Commission further found that the offering circular and other sales literature used by the underwriter falsely represented that it had purchased a large block of stock in Selelevision Corporation, thereby increasing to 50% the stock holdings in that

corporation of the underwriter and its president, Strabo V. Claggett, and that such misrepresentation was material as indicating the underwriter's continuing confidence in the Selelevision enterprise. Findings were also made that shares were sold in jurisdictions other than those listed in the letter of notification filed with the Commission for the purpose of obtaining the exemption, and that the sales literature was sent to prospective purchasers without being filed with the Commission even after being informed of the necessity of such filing under the Regulation.

The Commission, after considering various factors urged by Selelevision Western in mitigation, including its request for withdrawal of the notification prior to the issuance of a temporary suspension order, stated in its opinion, "We do not think that these factors provide a sufficient basis for permitting withdrawal of the notification. While the notice of withdrawal preceded the issuance of our temporary suspension order, it followed the sale of over 19,000 shares and the commencement of our investigation of the offering....The activities involved not only a failure to comply with procedural safeguards in the Regulation but also fraud, and in our opinion warrant permanent suspension of the exemption."

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Holding Company Act Release No. 13287

The Manufacturers Light and Heat Company, Pittsburgh, subsidiary of The Columbia Gas System, Inc., has received SEC authorization to acquire from Carnegie Natural Gas Company, a non-affiliated public utility company, certain oil and gas leases, gas reserves, and related properties in exchange for similar properties of Manufacturers.

The Carnegie properties are located in Marshall and Wetzel Counties, West Virginia and Greene County, Pennsylvania. In consideration for the transfer of such properties to it, Manufacturers proposes to transfer to Carnegie certain oil and gas leases, gas reserves, and related property located in Washington and Greene Counties, Pennsylvania, and to pay Carnegie \$200,000 in cash.

Holding Company Act Release No. 13289

Ohio Power Company, Canton, Ohio, has received SEC authorization to issue and sell, at competitive bidding, \$28,000,000 of First Mortgage Bonds, Series due 1986, and 60,000 shares of its \$100 par Preferred Stock, and to issue and sell to its parent, American Gas and Electric Company, 110,000 additional shares of Ohio's no par Common Stock for \$11,000,000 cash. Prior to the sale of the above securities American Gas proposes to make a capital contribution of \$9,000,000 to Ohio. This latter transaction will not increase Ohio's cash resources since it is expected that, concurrently with the making of the contribution, Ohio will pay to American Gas a special cash dividend of \$9,000,000 on its Common Stock.

The net proceeds from the sales of the Bonds, Preferred Stock, and Common Stock are to be applied by Ohio, to the extent available, to the prepayment, without premium, of notes payable to banks. At the present time notes payable to banks are outstanding in the amount of \$23,500,000, and it is expected that up to a further additional amount of \$7,500,000 may be issued, making an aggregate of not in excess of \$31,000,000 to be outstanding at the time of issuance and delivery of the securities described above. Any remaining proceeds will be added to Ohio's treasury funds and will be applied to extensions, additions, and improvements to its properties.

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Holding Company Act Release No. 13290

Commonwealth Natural Gas Corporation, Richmond, Va., and its subsidiary, Bottled Gas Corporation of Virginia, Richmond, Va., have applied to the SEC for approval of the acquisition by Bottled Gas of 191 of the 200 outstanding shares of the common capital stock of Henrico Gas Service Corporation, Richmond, Va., for a purchase price of 191/200ths of \$60,000, plus the net retained earnings of Henrico from November 30, 1955, to the end of the month prior to the date of closing; and the Commission has given interested persons until November 1, 1956, to request a hearing on the application.

The application states that Bottled Gas now owns 9 of the 200 outstanding shares of the capital stock of Henrico and, under contract with Henrico, operates Henrico's business. Henrico owns a small tract of land and propane gas storage facilities near Richmond, Virginia, and an underground distribution system which supplies propane gas from its storage tanks to the tenants of Lewis Gardens, a multiple dwelling housing project. Its propane gas supply is furnished by Bottled Gas. The stockholders of Henrico, other than Bottled Gas, a number of whom are officers or directors of either Commonwealth or Bottled Gas or both, approached Commonwealth and Bottled Gas with a proposal to sell all of their stock of Henrico to Bottled Gas at the price stated above. The application further states that, since the operations of Henrico are in the area served by Bottled Gas, savings can be obtained by the elimination of the two sets of officers, books, records, etc. Also, since the price of the stock in relation to the earnings of Henrico seems reasonable, Commonwealth considers the acquisition of Henrico stock to be advantageous and accordingly has authorized its subsidiary, Bottled Gas, to contract with the stockholders of Henrico to acquire all of its outstanding stock.

Holding Company Act Release No. 13286

New England Electric System (Boston) and five of its subsidiaries have received SEC authorization for additional short-term borrowings by the subsidiary companies. The borrowing companies propose to issue notes to a bank or to NEES in an aggregate principal amount not to exceed \$15,875,000 outstanding at any one time. These borrowings will be distributed among the borrowing companies as follows:

Lawrence Electric Company	\$5,225,000
Quincy Electric Company	1,900,000
Weymouth Light and Power Company	2,550,000
Worcester County Electric Company	5,300,000
The Lowell Electric Light Corp.	900,000

Of the total borrowings, \$10,525,000 will be from NEES and the balance, \$5,350,000, will be from The First National Bank of Boston.

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Producing Properties, Inc., Houston, Texas, filed a registration statement (File 2-12862) with the SEC on October 19, 1956, seeking registration of 555,000 shares of its common stock, par value 10¢. The shares are to be offered in exchange for shares of the common stock of San Juan Exploration Company at the rate of .46413 shares of Common Stock of Producing Properties, Inc. for one share of Common Stock of San Juan.

It is proposed that the exchange offer will expire at 3:00 p. m. (C.S.T.) on November 15, 1956. The Company intends, upon the acquisition of San Juan as a subsidiary, that San Juan and its subsidiaries will continue in substantially the same business in which they are now engaged.

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Reichhold Chemicals, Inc. (Delaware) filed a registration statement (File 2-12863) on October 19th with the S.E.C. seeking registration with respect to 200,000 shares of its common stock \$1 par value.

The corporation was incorporated under the laws of the State of Delaware in November 1930 under the name of Beck, Koller & Co., Inc. as a continuation of a business founded in 1927. In 1938 the name was changed to Reichhold Chemicals, Inc., its present name. The corporation is engaged principally in the business of manufacturing and selling synthetic resins, industrial chemicals, and inorganic color pigments, its manufacturing activities being carried on in 13 plants in the United States.

The corporation is authorized to issue 47,000 shares of preferred stock of the par value of \$100 each and 3,000,000 shares of common stock of the par value of \$1.00 each. Of the authorized shares of preferred stock 18,000 shares are issued and outstanding and are held by Diamond Alkali Company, and 1,000,000 shares of the authorized shares of common stock are issued and outstanding. On August 31, 1956 the directors and officers of the corporation, as a group, owned beneficially 917,850 shares of the outstanding common stock of the corporation (91.79% of the class).

The stock is to be offered for public sale through an underwriting group headed by Blyth & Co., Inc.

The net proceeds to be received by the corporation from the sale of the common stock offered will be added to the general funds of the corporation and initially will be used to increase its working capital and to augment funds required in the corporation's 1957 construction program.

Investment Company Act Release No. 2426

The SEC has issued an exemption order under the Investment Company Act of 1940 permitting The Adams Express Company and American International Corporation, affiliated investment companies, to purchase 4 3/4% Subordinated Debentures due October 1, 1976, of Fansteel Metallurgical Corporation. Because of the affiliations of Adams and American with certain members of the underwriting group, such purchases are prohibited by the Investment Company Act unless an exemption is granted by the Commission.

Investment Company Act Release No. 2427

Sunset International Petroleum Corporation (formerly International Mining Corporation), New York investment company, has applied to the SEC for an order declaring it to have ceased to be an investment company under the Investment Company Act of 1940; and the Commission has issued an order giving interested persons until October 31, 1956, to request a hearing on the application.

Sunset filed its notification of registration under the Investment Company Act on October 2, 1942, under the name of International Mining Corporation. The applica-

tion states that on August 31, 1956, Sunset Oil Company, a California corporation, was merged into International Mining Corporation, a Delaware corporation, which became the surviving company under the name of Sunset International Petroleum Corporation. Transactions incident to the said merger were exempted from certain provisions of the Investment Company Act by order of the Commission (Investment Company Act Release No. 2387, July 11, 1956).

Sunset represents that the merger was approved by the holders of more than two-thirds of the outstanding shares of each corporation as required by the laws of the respective states of incorporation of each company. Sunset further represents that by approving the merger the shareholders of International Mining Corporation authorized a change in the nature of the business of said corporation so as to cease to be an investment company and that Sunset is presently engaged in the business of producing, refining, and marketing oil products on the west coast of the United States. It is also stated that Sunset has no investment in any other company and is no longer operating as an investment company and has no intention so to do. Sunset also states that its shares became listed on the American Stock Exchange on August 31, 1956.

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