

# SECURITIES AND EXCHANGE COMMISSION

# NEWS DIGEST



Washington 25, D.C.

December 6, 1956

FOR RELEASE

## Holding Company Act Release No. 13326

The SEC has issued an order authorizing Delaware Power & Light Company (Wilmington) to issue and sell, at competitive bidding, 80,000 shares of its \$100 par Preferred Stock, Cumulative. Net proceeds will be applied to the cost of the company's construction program and to the retirement of bank loans incurred for such purposes.

## Holding Company Act Release No. 13329

The SEC has issued an order authorizing New England Electric System to purchase additional shares of the common stocks of three of its subsidiaries, as follows: Haverhill Electric Company, Lawrence Electric Company, and The Lowell Electric Light Corporation. NEES presently owns 99,564 shares (68%), 255,033 shares (90%) and 99,504 shares (59%) of the common stocks of the respective companies; and it proposes to expend not to exceed \$300,000 to increase its holdings in such subsidiaries. The purchases are to be made through brokers in the over-the-counter market or pursuant to unsolicited offers to sell, at prices not in excess of the asked prices on the over-the-counter market on the day of purchase. The three subsidiaries, together with Amesbury Electric Light Company and Essex County Electric Company, two additional subsidiaries, are contemplating merger. Upon the basis of the exchange ratios now being considered in connection with such merger, NEES would own somewhat less than 80% of the voting securities of the resulting company. It desires to acquire the additional shares so that, based on the contemplated exchange ratios, NEES will own over 80% of the voting securities of the merged company and will thereby be able to extend to this resulting company certain tax benefits through inclusion of its income and expenses in the consolidated Federal income tax return of NEES and its subsidiaries.

## Securities Exchange Act Release No. 5416

The Securities and Exchange Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Mitchell Securities, Inc., Baltimore, Md., should be revoked. The hearing therein is scheduled for January 7, 1957, in the Commission's Washington Office.

Mitchell Securities' registration as a broker-dealer became effective on January 28, 1948. In the application for registration, C. Benjamin Mitchell is listed as a vice-president, director and a controlling stockholder and Russell P. Dotterer as vice-president, director and a controlling stockholder. In an order issued June 6, 1956, the Commission sustained the expulsion of Mitchell Securities from membership in the National Association of Securities Dealers, Inc., by action of its Board of Governors on May 23, 1955. On May 16, 1956, Mitchell Securities, Mitchell and Dot-

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terer were enjoined by order of the United States District Court for the District of Maryland from engaging in certain conduct and practices in connection with the purchase and sale of securities.

According to the Commission's hearing order, information reported by its staff "tends to show" (A) that since December 1955 Mitchell Securities solicited and induced certain persons to purchase that company's 6% 10-year sinking fund convertible debentures by means of false and misleading representations concerning the commission to be paid in connection therewith, the unprofitable operations of the company, its financial condition, and its inability to make interest payments out of net income; (B) that since August 1956 Mitchell Securities solicited and induced certain persons to purchase certain securities, represented to the customers that such securities had been purchased, and requested and received payment therefor, when in fact the company intended not to purchase and did not purchase the number of shares ordered and paid for but, on the contrary, intended to and did appropriate a portion of the customers' payments to the company's own use and benefit; and (C) that Mitchell and Dotterer caused Mitchell Securities so to do. It is further alleged that Mitchell Securities engaged in the conduct of a securities business when its aggregate indebtedness to all other persons exceeded 2,000 per centum of its net capital.

At the hearing, inquiry will be conducted into the foregoing matters to determine whether the reported information is true and, if so, whether Mitchell Securities, Mitchell and Dotterer have wilfully violated provisions of the Securities Laws and rules of the Commission thereunder and whether it is in the public interest to revoke the broker-dealer registration of Mitchell Securities.

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Scott Paper Company, Chester, Pa., filed a registration statement (File 2-12937) with the SEC on December 5, 1956, seeking registration of 10,500 Memberships in Employees' Stock Purchase Plan for 1957, together with 54,585 shares of Scott Paper common stock which may be purchased under the Plan.

Scott Paper Company also filed a registration statement (File 2-12938) with the SEC on December 5, 1956, seeking registration of 500,000 common shares, representing the maximum number of shares for which options may presently be granted pursuant to the terms of the company's Stock Option Plan for key employees (including officers and directors) of the company or its wholly-owned subsidiaries.

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Amendments were filed on December 5, 1956 to the following registration statement seeking registration of additional shares as indicated:

American Trusteed Funds Inc. (File 2-10621), New York investment company  
200,000 Lexington Trust Fund Shares

Investors Group Canadian Fund Ltd. (File 2-11308) Winnipeg, Manitoba, Canada  
investment company - 15,000,000 shares Common Stock, \$1 par value

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Prince Marine Drilling & Exploration Co., Houston, Texas, today filed a registration statement (File 2-12939) with the SEC seeking registration of \$1,250,000 of 5½% Sinking Fund Debentures due January 1, 1969, and 125,000 shares of Common Stock (50¢ par), to be offered for public sale in 12,500 units each consisting of \$100 of debentures and 10 shares of stock. The public offering price and underwriting terms are to be supplied by amendment. Shields & Company is named as the principal underwriter.

Prince Marine was organized under Delaware law on November 26, 1956, by Associated Oil & Gas Co. and Shields & Company for the purpose of engaging in the business of drilling oil and gas wells, and also acquiring interests in, developing and operating oil and gas properties. It holds an option to acquire two submersible drilling barges with rigs and related equipment, one gas butane powered land rig and equipment, and other miscellaneous drilling apparatus and equipment, together with certain oil, gas and other mineral leasehold interests, including properties now producing gas and oil.

Net proceeds of this financing will be used to pay the \$1,182,000 cash portion of the purchase price of these properties. The balance of such proceeds will be added to the general funds as working capital.

Various sellers of the properties in question have granted an option, now held by F. & C. Realty Company, a Texas corporation, to buy such properties for \$2,030,000 cash (subject to adjustments) plus 166,176 shares of the common stock of Associated Oil. Prince Marine has agreed to purchase such properties from F. & C. subject to a reserved oil and gas production payment of \$850,000, for \$1,182,000 and the 166,176 shares of Associated Oil stock. F. & C. has arranged to sell the reserved production payment to a third party for \$850,000.

Associated Oil has agreed to issue the 166,176 shares of its stock to F. & C., which in turn will transfer such stock to the sellers of the properties in satisfaction of the option. The cash requirements of the option will be satisfied out of the cash proceeds of the financing.

As consideration for the issuance by Associated Oil of its stock to F. & C., Prince Marine has agreed to pay Associated Oil \$550 in cash and to issue to it 4,812 shares of \$100 par 6% cumulative preferred stock and 224,500 shares of common stock of Prince Marine. The latter also has agreed that upon its acquisition of the properties owned by the sellers it will make the following sales of its common stock at \$1 per share for investment: 99,500 shares to Shields & Company; 5,000 shares to Z. C. Ambrose, president; 25,000 shares to Jack G. Taylor, a finder and director of the company and a director of Associated Oil; 2,000 shares to A. Knox Tyson, C. R. Williams and John W. Wimberly, directors; and 25,000 shares to the underwriters. Upon consummation of the foregoing transactions, Associated Oil will own 44% of the outstanding common stock of Prince Marine, and its directors an additional 5.9%. Dewey K. Davis, vice president and general superintendent and director, also has agreed to purchase for investment 25,000 common shares for \$25,000, the total purchase price of which is due and payable on or before December 31, 1961.

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Pacific Power & Light Company, Portland, Ore., today filed a registration statement (File 2-12940) with the SEC seeking registration of \$20,000,000 of First Mortgage Bonds, Series due 1987, and 90,000 shares of Serial Preferred Stock (\$100 par), to be offered for public sale at competitive bidding (which will determine the interest and dividend rates, public offering prices and underwriting terms). Net proceeds of the financing will be used, together with treasury cash, in carrying forward the company's construction program through 1958 and in retiring bank borrowings (not expected to exceed \$10,000,000). The company estimates its construction expenditures in 1956, 1957 and 1958 at \$29,156,000, \$51,822,000 and \$53,571,000, respectively (of which \$23,946,000 has been expended at October 31, 1956).

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