

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 December 14, 1956

Holding Company Act Release No. 13332

Kentucky Power Company (Ashland, Ky.) has applied to the SEC for authorization to make additional bank borrowings of \$2,000,000 during 1957 for construction purposes; and the Commission has issued an order giving interested persons until December 27, 1956, to request a hearing thereon. The company previously was authorized to borrow \$2,100,000 from Irving Trust Company and The Hanover Bank for the purpose of financing its 1955 and 1956 construction program; and it has made borrowings of \$1,850,000 and expects to borrow the balance before the year-end. The additional borrowings of \$2,000,000 are to be made in 1957, the proceeds to be used in connection with the 1957 construction program, which is expected to involve expenditures of \$2,945,000. Any future plan for financing of a permanent nature will provide for the payment of all the then outstanding notes.

Holding Company Act Release No. 13334

The SEC has issued an order authorizing United Fuel Gas Company (Charleston, W. Va.) to issue and sell to its parent, The Columbia Gas System, Inc., 120,000 additional shares of United Fuel common at \$25 per share, or \$3,000,000 in the aggregate. United Fuel will use the proceeds and other available funds to finance its 1956 construction program, estimated at \$14,152,200.

Holding Company Act Release No. 13335

New England Electric System (Boston) has applied to the SEC for authorization to offer shares of its common stock in exchange for the outstanding common stock of Lynn Gas and Electric Company; and the Commission has issued an order scheduling the application for hearing on January 3, 1957.

Lynn has outstanding 409,500 shares of common stock; and NEES proposes to offer its own shares in exchange therefor at the rate of two shares of NEES common for each share of Lynn common. The maximum number of shares of NEES common which would be issuable upon such exchange is 819,000. Based on a maximum reported asked price of \$34.875 per share for Lynn stock during the period November 13 to 29, 1956, the 409,500 outstanding shares had an aggregate market value of \$14,281,313.

Consummation of the exchange is subject to certain conditions embodied in a separate agreement dated October 25, 1956, between NEES and a group of Lynn common stockholders who own 28,223 shares (6.89%) of the Lynn stock. Such agreement provides, among other things, that the exchange offer remain open from a period of 30 days or such longer period as NEES may from time to time determine, not exceeding

six months in the aggregate, and that NEES is under no obligation to acquire any Lynn stock unless at least 66-2/3% of the outstanding Lynn common is deposited in exchange.

Securities Exchange Act Release No. 5420

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Martin M. Swirsky, Bess S. Swirsky, and Milton Cohen, doing business as Seaboard Securities, Great Neck, New York.

According to the order, the three named individuals, individually and as co-partners doing business as Seaboard Securities, are permanently enjoined by a decree of the United States District Court for the Eastern District of New York, entered on or about October 25, 1956, from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities.

At a hearing scheduled for January 16, 1957, in the Commission's New York Regional Office, inquiry will be conducted into the matter of the aforesaid injunction for the purpose of determining whether it is in the public interest to revoke the broker-dealer registration of the firm.

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Scovill Manufacturing Company, Waterbury, Conn., today filed a registration statement (File 2-12953) with the SEC seeking registration of \$10,000,000 of Twenty-five Year Debentures due 1982 and 176,450 shares of \$25 par Common Stock, to be offered for public sale through an underwriting group headed by Morgan Stanley & Co. The interest rate on the debentures, and the offering prices and underwriting terms on both issues are to be supplied by amendment.

The additional shares are first to be offered for subscription by common stockholders of record January 3, 1957, at the rate of one share of additional stock for each eight shares then held.

Net proceeds of the financing will be added to the general funds of the company to be used for expansion, improvement and replacement of production facilities and for additional working capital. The company, according to the prospectus, has developed a program of capital improvements which calls for expenditures of approximately \$25,000,000 in the next two years. It is expected that the major portion of the proceeds of the present financing will be applied, together with internally generated funds, towards these 1957 and 1958 capital expenditures. Among the more important expenditures is an estimated \$8,000,000 for a new Tube Mill which will substantially expand the company's line of tube products and provide faster and more flexible service to customers in all parts of the country.

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The Province of New Brunswick (Canada) today filed a registration statement (File 2-12954) with the SEC seeking registration of \$10,000,000 of Twenty-five Year

Sinking Fund Debentures, due 1982, to be offered for public sale through an underwriting group headed by Halsey, Stuart & Co., Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Net proceeds are to be advanced to The New Brunswick Electric Power Commission, which will use the funds for the prepayment of certain outstanding notes payable to banks and to repay bank overdrafts of the Commission, which notes and overdrafts have been issued and incurred for construction purposes.

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Aluminum Company of America (Pittsburgh) today filed a registration statement (File 2-12955) with the SEC seeking registration of \$125,000,000 of Sinking Fund Debentures, due 1982, to be offered for public sale through an underwriting group headed by The First Boston Corporation. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The net proceeds to be received by the company from the sale of the Debentures offered hereby will be added to the general funds of the company and will be used: to retire outstanding short-term bank borrowings estimated to aggregate \$50,000,000 by early January 1957; to restore, in part, working capital expended for property additions made during the year 1956; and to apply the balance to corporate purposes, including future expenditures on construction started in 1956. These future construction expenditures are expected to aggregate \$225,000,000 for the year 1957. It is expected that the additional funds needed during 1957 will be provided from retained earnings, depreciation, reserve for future United States income taxes and bank borrowings.

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Mineral Projects-Venture F, Ltd., Madison, N. J., filed a registration statement (File 2-12956) with the SEC on December 14, 1956, seeking registration of \$2,500,000 of Participations in Capital as Limited Partnership Interests, to be offered for public sale in \$25,000 units.

The offering is to be made on a "best-efforts basis" by Mineral Projects Company, Ltd., for which a selling commission of \$1,250 per unit is to be paid. The underwriter is also a limited partner, having contributed the sum of \$5,000 to capital. Participations will be payable in cash or, at the option of the subscriber, 10% in cash and 90% in notes payable one-third each on July 1, Sept. 1 and Nov. 1, 1957.

The partnership (Venture F) was organized under New Jersey law on December 1956 with Mineral Ventures Corporation (Del.) as General Partner, which has subscribed to capital in the amount of \$25,000. Venture F is authorized to engage in the oil business. It is contemplated that the net proceeds of this offering will be largely employed in acquiring leaseholds and drilling of initial or exploratory wells.

All management functions will be in the General Partner, of Madison, which was organized under Delaware law on April 24, 1956. It also acts as General Partner of two other Ventures ("C" and "E"). Clinton Davidson is President, Treasurer and a Director.

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Securities Exchange Act Release No. 5421

The Securities and Exchange Commission today announced the issuance of two orders under Section 19(a)(4) of the Securities Exchange Act of 1934 summarily suspending trading in the capital stocks of Great Sweet Grass Oils Limited and of Kroy Oils Limited, respectively, on the American Stock Exchange for a period of ten days from December 15, 1956 to December 24, 1956, inclusive, and it declared that such action is necessary and appropriate for the protection of investors and to prevent fraudulent, deceptive or manipulative acts or practices.

The summary suspension orders heretofore entered on December 4, 1956 against trading in the two stocks expire at the close of business this date. The result of the new orders is that it will continue to be unlawful under Section 15(c)(2) of the Securities Exchange Act of 1934 and the Commission's Rule X-15C2-2 thereunder for any broker or dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, such securities otherwise than on a national securities exchange.

The Commission's action was taken because the questions raised in the Commission's orders and notices of hearings under Section 19(a)(2) of the Act as to alleged false statements in reports filed by both companies with the Commission have not been resolved. The Commission ordered the hearings in the two cases consolidated in order to expedite a final determination, and the consolidated hearing is still in progress.

Under these conditions, the Commission is of the opinion that it would be impossible for the investing public to reach an informed judgment at this time as to the value of the companies' securities, or for trading in such securities to be conducted in an orderly and equitable manner.

In light of the foregoing and other factors, the Commission is of the opinion that the public interest requires the summary suspension of trading in such securities on the American Stock Exchange and that such action is necessary and appropriate for the protection of investors and is necessary in order to prevent fraudulent, deceptive or manipulative acts or practices under the Act.

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Fidelity Fund Inc., Boston investment company, filed an amendment to its registration statement (File 2-11517) on December 13, 1956, seeking registration of an additional 1,133,539 shares of Capital Stock, \$1 par value.

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