

# 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 21, 1956

## Securities Act Release No. 3733

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

### DanCu Chemical Co., Oklahoma City, Okla.

In its Regulation A notification, filed December 27, 1955, DanCu proposed the public offering of 14,003 shares of Class A 7% Participating Preferred Stock at \$1 per share

### Idea, Inc., Silver Springs, Nevada

The Regulation A notification of Idea, filed September 30, 1955, proposed the public offering of 200,000 shares of Class A stock at \$1 per share

Each of the suspension orders provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The Commission's order with respect to DanCu asserts that there is reasonable cause to believe that the terms and conditions of Regulation A have not been complied with and that that company's notification and offering circular are false and misleading. More particularly, the order alleges that the stock offering was commenced prior to the expiration of the waiting period specified in the Regulation; that copies of a sales letter and other sales literature used in connection with the offering were not filed with the Commission; that there was a failure to use an offering circular in connection with the offering; that the offering circular refers to Dr. William E. Rogers as second vice president of the company and adviser and consultant to the president of the company in the field of business management and marketing, whereas Dr. Rogers has not been associated with the company since December 1955; and that the company's report of stock sales contains a statement that the offering was commenced February 5, 1956, whereas the offering was commenced November 30, 1955.

With respect to Idea, the Commission's order asserts (1) that the continued offering of its Class A stock "would act as a fraud or deceit upon prospective purchasers," in that the offering circular contains false and misleading statements with respect to the giving of unregistered and unexempted shares of Class B stock to certain purchasers of Class A stock in order to induce the purchase of the Class A stock, and (2) that the terms and conditions of Regulation A have not been complied with, by reason of the company's failure to file reports of stock sales and the use of the proceeds thereof despite requests of the Commission's staff that such reports be filed.

Holding Company Act Release No. 13344

Cities Service Company has applied to the SEC for an order with respect to its stock dividend proposal; and the Commission has issued an order giving interested persons until January 4, 1957, to request a hearing thereon. Cities proposes to issue 202,206 shares of its \$10 par common stock, and to distribute such stock on or about January 24, 1957, to its stockholders of record December 6, 1956, as a 2% stock dividend, on the basis of one share of new stock for each 50 shares of its outstanding 10,110,347 shares of common stock.

Holding Company Act Release No. 13343

Southwestern Gas and Electric Company (Shreveport, La.) has filed a \$10,000,000 bond financing proposal with the SEC; and the Commission has issued an order giving interested persons until January 11, 1957, to request a hearing thereon. Specifically, Southwestern proposes to issue and sell at competitive bidding \$10,000,000 of First Mortgage Bonds, Series G, due January 1, 1987. Net proceeds are to be used to pay for a part of the company's construction program and to pay or prepay short-term bank debt incurred and to be incurred in connection therewith. Such bank debt may amount to \$6,000,000 when the proceeds of the bonds are received.

\* \* \* \*

Community Research and Development, Inc., Baltimore, Md., filed a registration statement (File 2-12971) with the SEC on December 20, 1956, seeking registration of \$3,000,000 of 6% Convertible Debentures, due January 1, 1972, to be offered for public sale through an underwriting group headed by Alex. Brown & Sons. The public offering price and underwriting terms are to be supplied by amendment. Of the net proceeds, the company has agreed to use \$5,000 to purchase all the outstanding capital stocks of Talbottown Shopping Center, Arundeltown, Inc., Waverly Realty Corporation, and Charlottetown, Inc. The remainder of the proceeds will be added to the general funds of the company and will be available for contractual obligations, for working capital, and for other general corporate purposes. Approximately \$1,600,000 of the general funds will be used to acquire and to complete the development and construction of shopping centers on properties owned or leased by the four companies above mentioned. The estimated total cost at completion of the four initial projects is \$9,950,000. Of this amount the subsidiaries expect to borrow \$8,900,000 by means of long-term mortgages or other forms of real estate financing.

The Talbottown property is located at Easton, Md.; the Arundeltown property near Glen Burnie, Md.; the Waverly property on Greenmount Avenue in north Baltimore; and the Charlottetown property near Charlotte, N. Car.

\* \* \* \*

Pacific Petroleum, Ltd., Calgary, Alberta, Canada, filed a registration statement (File 2-12972) with the SEC on December 20, 1956, seeking registration of \$15,000,000 of Twenty Year Subordinate Debentures due January 1, 1977, to be offered for public sale through an underwriting group headed by Eastman Dillon, Union Se-

curities Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Net proceeds are to be applied first to the repayment of outstanding bank loans (which amounted to \$7,560 at November 30, 1956); and thereafter the balance of the proceeds is expected to be used as follows: \$3,475,000 for development drilling, equipment and gathering system expenditures to February 28, 1958; \$1,680,000 for exploration costs to that date; and \$540,000 as the company's expenditures in connection with construction of a refining plant at Taylor, B. C. The remaining balance will be added to general funds of the company and used for general corporate purposes.

\* \* \* \*

Niagara Mohawk Power Corporation (Syracuse) filed a registration statement (File 2-12973) with the SEC on December 20, 1956, seeking registration of \$46,224,200 of Convertible Debentures, due February 1, 1972. The company proposes to offer the debentures for subscription by common stockholders of record January 10, 1957, in the ratio of \$100 principal amount of debentures for each 25 common shares then held. The subscription price is to be \$100 per \$100 principal amount of debentures. The interest rate and underwriting terms are to be supplied by amendment. Harriman Ripley & Co., Inc., is listed as the principal underwriter. Net proceeds of the financing will be used for the payment of \$30,000,000 of short-term bank loans, to reimburse the company's treasury and to finance in part the company's construction program. The construction program of the company and its subsidiaries is expected to require about \$64,000,000 in 1956 (of which \$53,216,000 had been expended in the first ten months), and to require about \$94,000,000 in 1957.

\* \* \* \*

Sears Roebuck Acceptance Corp. today filed a registration statement with the SEC seeking registration of \$50,000,000 of Debentures due 1972, to be offered for public sale through an underwriting group headed by Goldman, Sachs & Co., Halsey, Stuart & Co. Inc., and Lehman Brothers. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Acceptance Corp. was organized on November 16, 1956 by Sears, Roebuck and Co. under Delaware law "to deal in installment receivables arising out of the retail and mail order business of Sears. Sears formed the company with a capital stock investment of \$35,000,000 and intends to retain the company as a wholly-owned subsidiary." Donald MacArthur is president.

Net proceeds of the sale of debentures will be added to the general funds of the company and will be applied to the purchase of installment receivables from Sears. The company expects to incur additional indebtedness, but the amount and nature thereof has not yet been determined and will depend upon the volume of the company's business and general market conditions.

\* \* \* \*

Union Tank Car Company, Chicago, today filed a registration statement (File 2-12975) with the SEC seeking registration of 55,000 shares of no par value Capital

Stock to be offered pursuant to an employees' savings and stock purchase plan for the benefit of employees of the company and its two wholly-owned subsidiaries.

Securities Exchange Act Release No. 5425

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 25, 1956 to January 3, 1957, 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 14, 1956 against trading in the two stocks expire at the close of business December 24, 1956. 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.

\* \* \* \*

---0000000---