

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 August 16, 1956

Blackstone Valley Gas and Electric Company (Pawtucket, R. I.) filed a registration statement (File 2-12709) with the SEC on August 15, 1956, seeking registration of 25,000 shares of its \$100 par Preferred Stock. The company proposes to offer a total of 1,430 shares of such preferred for subscription by holders of its outstanding common stock; and the company is inviting bids for the purchase of such of the shares of preferred as are not sold under the subscription offer together with the 23,570 shares as to which subscription rights have been waived.

The offering to common stockholders is to be made on the basis of one share of preferred for each share of common held of record September 11, 1956. The company is a subsidiary of Eastern Utilities Associates, which owns 171,804 shares (99.2%) of its outstanding common stock. The subscription offer is to be made to common stockholders other than EUA.

The company proposes to apply the net proceeds of the sale of the new preferred to the reduction of short-term notes evidencing borrowing from banks incurred for construction purposes, which aggregate \$3,050,000.

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North American Aviation, Inc., Los Angeles, today filed a registration statement (File 2-12710) with the SEC seeking registration of 1,145,011 shares of its \$1 par Capital Stock. The company proposes to offer the shares for subscription by holders of outstanding shares of its capital stock at the rate of one additional share for each six shares held of record September 7, 1956. The subscription price and underwriting terms are to be supplied by amendment. Morgan Stanley & Co. is named as the principal underwriter.

Net proceeds of the financing are to be added to the general funds of the company. The company, according to the prospectus, is engaged in a program of expanding its facilities which, it is expected, will have required the expenditure of approximately \$22,000,000 during the current fiscal year. Subject to changing conditions, it is expected that a program of similar scope may continue in the fiscal year ending September 30, 1957. This sale of stock is considered advisable in view of the capital expenditure program and the desirability of obtaining additional working capital. No allocation of the net proceeds can be made at this time, and the management will determine from time to time the extent and manner in which such proceeds will be applied for such purposes. Until otherwise used the funds may be applied to reduce short-term bank loans.

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For IMMEDIATE Release Thursday, August 16, 1956

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

Chairman J. Sinclair Armstrong of the Securities and Exchange Commission today announced the establishment of a Branch of Small Issues in the Division of Corporation Finance. The new Branch will be under the supervision of Mr. James T. Glavin, former Assistant Regional Administrator of the Commission's New York Regional Office. As Chief of the Branch of Small Issues, Mr. Glavin will be responsible for supervision and coordination of the examination of public offerings not exceeding \$300,000 in amount, exempted from registration pursuant to Regulation A of the Securities Act of 1933.

Mr. Glavin served in the Navy during World War II and currently holds the rank of Commander in the active reserve. He first joined the Commission staff in October 1934 and has been actively connected with the processing of small issues in the Commission's largest regional office for most of his Commission career.

Chairman Armstrong stated: "The above action is a part of a realignment of the functions and personnel of the Division under Byron D. Woodside, Director, and George A. Blackstone, Associate Director, and is a further implementation of Congressional and Administration policy to assist the growth of small businesses.

"The Commission notes that on June 28, 1956 the Committee on Interstate and Foreign Commerce of the House of Representatives submitted a report on certain legislation which, if enacted, would increase civil liability of officers and others on account of false statements or omissions in offering circulars for small exempt issues. In an accompanying minority report it is stated: 'It is generally recognized that easy access to the capital markets is one of the problems confronting small business.'

"Also, the Commission notes that on August 9, 1956, the Cabinet Committee on small Business presented a progress report to the President, which, in part, contained the recommendation that the Congress raise the exemption from registration for small issues of corporate securities from \$300,000 to \$500,000. That report stated: 'In order to prevent the proposed change from reducing protection to investors, the Commission should limit the exemption privilege to seasoned businesses and should withhold it from issuers of so-called "penny stocks."'

"The financing of small business enterprises through new issues of securities is of increasing importance to the American economy, involving filings of \$237 million and \$313 million in 1954 and 1955 and \$122 million in the first six months of 1956 under the small issues exemption from full registration. The establishment of the Small Issues Branch emphasizes the Commission's program of providing appropriate safeguards and protection for the investing public in connection with offerings of small issues but without unnecessary restrictions upon the raising of capital by small and medium sized businesses."

On July 23, 1956, simultaneously with the announcement of new revisions to the Commission's Regulation A exemption for public offerings of securities, the Commission promulgated a further proposal for revision of Regulation A which, if adopted, would make the exemption from registration available only to "seasoned" companies meeting a public earnings test or whose offerings met certain tests with respect to the limited character of the offering. The Commission is receiving views and comments on this proposal up to September 15, 1956.

Assistant Director Edmund H. Worthy is in charge of the Branch of Small issues and the Branch of Administrative Proceedings and Investigations, responsible for the conduct of formal administrative proceedings with respect to Regulation A Notifications and registration statements.

The examination of registration statements under the Securities Act of 1933 and related work is now performed by six Branches of Corporate Analysis and Examination under Assistant Directors, Harry Heller, Harvey A. Thorson, and Charles H. Eisenhart. The newly appointed Branch Chiefs are Knute E. Anderson, Robert H. Bagley, Robert H. Tedford, Abraham Zwerling, Andrew J. Cavanaugh and Ralph C. Hocker.

Manuel F. Cohen continues as Chief Counsel of the Division, and will be assisted by Charles E. Shreve in charge of the Branch of Interpretations and Review, and Charles J. Sheppe in charge of the Branch of Forms, Rules, Regulations and Legislative Matters. However, as Mr. Cohen departed on August 13, 1956, on a year's leave of absence abroad for study under his Rockefeller Public Service Award, Mr. Shreve will serve as Acting Chief Counsel for the Division.

Andrew Barr, Chief Accountant of the Division, and Sydney C. Orbach, Assistant Chief Accountant, continue as heretofore.

Mr. Benjamin Adelstein, Mining Engineer, Walter J. Costello, Valuation Engineer, and Tell T. White, Oil and Gas Engineer, will continue as the Division's engineering consultants in the Office of Engineering.