

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.

December 31, 1956

FOR RELEASE

Statistical Release No. 1427

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended December 28, 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:

	<u>(1939 = 100)</u>		<u>Percent Change</u>	<u>1956</u>	
	<u>12/28/56</u>	<u>12/21/56</u>		<u>High</u>	<u>Low</u>
Composite	344.2	342.2	↑ 0.6	366.2	319.0
Manufacturing	441.7	439.1	↑ 0.6	468.6	398.6
Durable Goods	423.1	423.9	- 0.2	437.6	369.4
Non-Durable Goods	459.2	453.4	↑ 1.3	500.8	425.2
Transportation	312.2	314.3	- 0.7	353.0	303.2
Utility	152.5	151.8	↑ 0.5	161.5	151.6
Trade, Finance & Service	285.5	283.8	↑ 0.6	325.5	283.8
Mining	363.8	356.2	↑ 2.1	383.2	326.8

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Midland Commercial Corp., New York, filed a registration statement (File 2-12991) with the SEC seeking registration of \$480,000 of Ten Year 7% Subordinated Debentures (convertible), together with 187,500 shares of Midland's 10¢ par Common Stock. The debentures are to be offered for public sale at 100% of their principal amount. The offering is to be made on a "best efforts" basis by A. J. Grayson & Co., Incorporated, A. J. Grayson & Co. of New Jersey, Inc., and A. J. Grayson & Co. of Maryland, Inc., for which they will receive a selling commission of 10%. Each of these three firms is controlled by Albert J. Grayson, who also is a controlling stockholder of Midland.

Organized in April 1954, the company is engaged primarily in a general financing and loan business. Net proceeds of this financing are expected to be used primarily for additional working capital; and the company expects that it will thereby be able to purchase a larger volume of retail time sale obligations from its subsidiary, Northern Appliance Stores Inc., as well as to finance the expansion of its subsidiary's business and to increase Midland's borrowing potential from banks.

With respect to the 187,500 common shares, all of which are outstanding, 52,500 shares are to be offered by Grayson for cash at 10¢ per share. The remaining 135,000 shares are to be offered by Grayson to stockholders of Ramie Corporation and South

Canada Uranium Corporation in exchange for common shares of those corporations which were previously sold to the public. The rate of exchange is one share of Midland common for one share of Ramie common, and one share of Midland common for five shares of South Canada common. Grayson, holder of 187,500 shares (32.2%) of Midland common, received in consideration for services rendered, acted as underwriter for the 1954-55 stock offering by South Canada and was a member of a firm which acted as underwriter for the 1953 stock offering by Ramie. The exchange offer is being made by Grayson for the reason that some stockholders of Ramie and South Canada, in purchasing their shares, "may have based their judgment as to merits of the investment, to some extent, at least, upon the fact that Mr. Grayson participated in the underwriting. In view of the fact that they may have been disappointed in their judgment, because of subsequent events, he now desires to give such stockholders an opportunity to exchange their shares for stock of another corporation for which Mr. Grayson acted as underwriter, which they may regard as a more promising investment. It will also give such stockholders an opportunity to trade their stock for a security which is more readily marketable," according to the prospectus. The offering of the 52,500 shares is to be made by Grayson "to a selected group of persons who, for the most part, are, or have been associated with him as sales representative. The offering is made at a price below the market because of the special relationship of the purchasers to the seller."

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Flick-Reedy Corporation, Melrose Park, Ill., filed a registration statement (File 2-12992) with the SEC on December 28, 1956, seeking registration of \$1,200,000 Registered Subordinated Debentures, 6%, due February 1, 1972, and 120,000 shares of Common Stock, \$1 par. The company proposes to offer these securities for public sale in units consisting of one \$100 debenture and ten shares of common stock. The offering price is to be \$115 per unit. No underwriting is involved.

Flick-Reedy was organized in 1954 as Miller Fluid Power Company and acquired most of the assets and succeeded to the business of the partnership Miller Motor Company. It is engaged primarily in the manufacture and sale of hydraulic and pneumatic cylinders of machine tool grade. The company proposes to offer the units of debentures and common shares to employees of the company, customers of the company and to other corporate investors who are known to or who have had business dealings with the company. Net proceeds will amount to approximately \$1,346,000 and are to be added to the general funds of the company available for general corporate purposes. The principal purpose for which the proceeds will be used will be the construction of a modern, fully-equipped manufacturing plant near Bensenville Ill., to cost about \$2,300,000. The additional funds required for such construction are expected to be obtained from a loan, secured by a first mortgage on the Bensenville property.

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Concord Fund, Inc., Boston investment company, filed an amendment on December 28, 1956, to its registration statement (File 2-10808) seeking registration of an additional 250,000 shares of its common stock.

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Holding Company Act Release No. 13352

Kentucky Power Company (Ashland, Ky.) has received SEC authorization to make \$2,000,000 of additional bank borrowings during 1957. Proceeds, together with the proceeds of \$2,100,000 of previously authorized borrowings, are to be used in connection with the company's construction program, estimated to involve expenditures of \$2,945,000 in 1957.

Holding Company Act Release No. 13353

The SEC has issued an order authorizing the merger of The Ohio Fuel Gas Company and Natural Gas Company of West Virginia, subsidiaries of The Columbia Gas System, Inc. Under the merger proposal, Natural Gas is to be merged with and into Ohio Fuel, the surviving corporation; and upon the effective date of the merger Natural Gas will transfer all its assets to Ohio Fuel and the latter will assume all the liabilities of Natural Gas, including \$4,026,000 of notes owing Columbia.

Prior to the merger, Columbia will make a cash capital contribution to Natural Gas in the amount of \$1,731,063.83, the amount of the latter's earned surplus deficit. Upon consummation of the merger, all of the 56,472 shares of Natural Gas common, having an aggregate net worth of \$5,647,230, will be exchanged by Columbia for 125,494 shares of Ohio Fuel common of an identical value.

Investment Company Act Release No. 2463

Atlas Corporation, New York investment company, has applied to the SEC for an exemption order permitting its acquisition of \$500,000 of securities of Stanrock Uranium Corporation; and the Commission has issued an order giving interested persons until January 14, 1957, to request a hearing thereon.

Stanrock owns certain mining claims in the Province of Ontario. Pursuant to a contract with Eldorado Mining and Refining Limited, an agency of the Crown of Canada, it proposes to sell to Eldorado uranium concentrates produced from a mill to be built by Stanrock. In order to provide the initial temporary financing for these mining operations and the proposed mill, Stanrock has arranged to sell to a small group of investors, including Atlas, \$3,000,000 of 5¼% First Mortgage Bonds due June 1, 1957, and 450,000 shares of common stock for a total consideration of \$3,000,000. Of this amount, Atlas has agreed to purchase \$500,000 of the bonds and 75,000 shares of the common stock for \$500,000. Negotiations are now in progress for the purpose of establishing a permanent financing program which is expected to provide approximately \$24,500,000.

Securities Exchange Act Release No. 5431

The SEC has amended its Rule 17 CFR 240.15c3-1 under the Securities Exchange Act of 1934 so as to grant an exemption from its requirements to members of the Pacific Coast Stock Exchange.

The rule provides that no broker or dealer shall permit his aggregate indebtedness to all other persons to exceed 2000% of his net capital. Paragraph (b)(2)

therefore exempts from the rule the members of certain specified exchanges whose rules and settled practices were deemed by the Commission to impose requirements more comprehensive than the requirements of the rule.

The Pacific Coast Stock Exchange is a consolidation of the Los Angeles and San Francisco Stock Exchanges, whose members were exempt from the requirements of the rule. The members of the new Pacific Coast Stock Exchange consist of the former members of the two predecessor exchanges; and the effect of the present amendment of the rule is to maintain their exemption as members of the new Exchange.

Investment Company Act Release No. 2464

The SEC today announced that, following withdrawal by Alleghany Corporation and Murchison Brothers of their application for an exemption order under the Investment Company Act to permit the sale by Alleghany to Murchison Brothers of 53,000 shares of Class A common stock of Investors Diversified Services, Inc., proceedings upon the application have been discontinued.

Because of intercompany affiliations, the transaction is prohibited by the Investment Company Act unless the Commission by order grants an exemption from the prohibition on the basis of a Commission finding that the transaction involves no overreaching on the part of any person involved, that its terms are fair and reasonable, and that it is consistent with the purposes of the Act. The application for such an order was filed September 14, 1956; and, following an interchange of requested findings and briefs by the parties and participants, including counsel for the Division of Corporate Regulation which opposed the granting of the application, the Commission heard oral arguments on December 6th, as requested by the applicants, in view of their stated desire to consummate the transaction, if approved, prior to December 31, 1956, in order to secure certain tax benefits.

Although the Commission anticipated that difficulties would be presented in disposing of the application in the short time available before the year-end, it advised the parties at the December 6th argument that it would issue its decision promptly; and special efforts were made to assure a prompt decision notwithstanding a heavy workload and other pressing matters.

After the preparation of its opinion had reached an advanced stage and the issuance of a final opinion was almost at hand, and despite advice from Alleghany counsel that an extension of the December 15th expiration of the contract could be expected, the Commission received telephonic advice on December 19th from counsel for Murchison Brothers that the contract was no longer in effect as a result of its expiration and the refusal of the parties to extend it. This advice was later confirmed by telegram, received December 27th and 28th from counsel for Alleghany and Counsel for Murchison Brothers, in which they also requested that the joint application be deemed withdrawn.

The opposing stockholders objected to discontinuance of these proceedings, contending that termination of the contract should not act as a bar to a determination of questions they have raised respecting the asserted illegality of earlier transactions between the applicants. However, the Commission concluded that withdrawal of the application makes discontinuance of these proceedings appropriate.