

# 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.

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ADVANCE! Following for Morning Newspapers of Monday, October 6, 1958

## SEC REGIONAL ADMINISTRATORS TO CONFER

Edward N. Gadsby, Chairman of the Securities and Exchange Commission, announced today that Regional Administrators and certain other key Staff members of the nine Regional Offices of the Commission will attend a week-long conference in Washington, commencing Monday, October 6th, on administration and enforcement of the Federal Securities Laws. Participating in the conference, along with Members of the Commission and other Staff Officials, will be the following Administrators:

O. H. Allred, Fort Worth Regional Administrator  
Milton J. Blake, Denver Regional Administrator  
William J. Crow, Washington Regional Administrator  
William Green, Atlanta Regional Administrator  
Thomas B. Hart, Chicago Regional Administrator  
Philip E. Kendrick, Boston Regional Administrator  
James E. Newton, Seattle Regional Administrator  
Arthur E. Pennekamp, San Francisco Regional Administrator  
Paul Windels, Jr., New York Regional Administrator

In announcing the meeting, Chairman Gadsby commented:

"This is another in the regular series of Regional Administrators' Conferences designed to review the work and activities of the Commission, in all its important phases, in the interest of more efficient, effective and uniform administration of the Federal Securities Laws.

"The laws administered by the Commission have been important factors in our economic growth over the years. Their requirements for disclosure of financial and other information concerning securities offered for public sale and those traded on our national securities exchanges, together with prohibitions of the laws against fraud, deceit and manipulation in our securities markets, have contributed much to the reestablishment and maintenance of investor confidence in securities. They also have fostered improved standards of financial accounting and of management responsibility to investors. Investors, in turn, have contributed billions of dollars each year to our industrial expansion, which has been an important factor in our continued high standard of living.

"But the laws are not self-operative. Their administration in the interest of providing protection of the investing public in keeping with the letter and spirit of the laws requires constant vigilance on the part of the Commission and its entire Staff, as well as a periodic reappraisal of the best investigation and law enforcement techniques and an examination of new methods and procedures to cope with the problems which arise. The annual conference of Administrators provides an excellent opportunity for a combination of self-examination, interchange of ideas and experiences, formulation of new operating procedures, and rededication to the cause of investor protection."

(Advance)

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For further details, call ST.3-7600, ext. 5526

## TEXAS ELECTRIC SERVICE PROPOSES FINANCING

Texas Electric Service Company, Fort Worth, filed a registration statement (File 2-14409) with the SEC on October 2, 1958, seeking registration of \$10,000,000 of First Mortgage Bonds, due 1988, and 80,000 shares of Cumulative Preferred Stock. The company proposes to offer each issue for public sale at competitive bidding. Net proceeds of the sale thereof, together with \$4,000,000 net additional cash resulting from a capital contribution by Texas Utilities Company, parent, and funds derived from operations, will be used to provide the company with sufficient funds for its construction program until the early part of 1960, and for other corporate purposes, including the repayment of \$1,600,000 borrowed from the parent for such purposes.

According to the prospectus, Texas Utilities on October 2, 1958, made a cash contribution to the common stock capital of Texas Electric Service. This contribution included \$4,000,000 representing an additional investment in the company's common stock. It also included the reinvestment of \$25,000,000 received concurrently as a special dividend paid by the company out of earnings accruing to its common stock in prior years (including \$8,000,000 of such retained earnings transferred to the company's common stock account in 1953 and which the company restored to earned surplus on October 2, 1958 in order that it might be included in the special dividend).

The company's construction program is expected to cost approximately \$33,000,000 in 1958 (of which some \$23,400,000 has been recorded through August 31) and \$25,000,000 in 1959.

## TENNEY ENGINEERING FILES FOR OFFERING

Tenney Engineering, Inc., New York, filed a registration statement (File 2-14410) with the SEC on October 2, 1958, seeking registration of 25,000 shares of its 10¢ par common stock and \$500,000 of 6% Convertible Subordinated Debentures due November 1, 1968. These securities are to be offered for public sale through an underwriting group headed by Milton D. Blauner & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily as a manufacturer of environmental equipment used for the simulation of climatic conditions and the manufacture of refrigeration and heating equipment. Net proceeds of this financing will be used as follows: \$52,000 to retire an outstanding bank loan; \$200,000 to retire another bank loan; \$142,500 to cancel notes held by Tremont Finance Company of New York; and the balance for general corporate purposes.

The registration statement also includes an additional 22,000 common shares held by Blauner & Co., the principal underwriter. According to the prospectus, the four principal stockholders of the company sold 7,000 shares to Milton D. Blauner at 25¢ per share in November 1957; and on September 9, 1958, Blauner acquired an additional 15,000 shares from one of such principal stockholders at a price of \$4.50 per share. These shares, totaling 22,000, are being registered "but are not being offered at this time." The company has outstanding 411,333 shares, of which the four principal stockholders (including president Monroe Seligman and board chairman Saul S. Schiffman) own a total of 265,000 shares. All officers and directors own a total of 287,000 shares.

## HEARING GRANTED ON ARIZONA AVIATION SUSPENSION

At the request of Arizona Aviation and Missile Corporation, of Phoenix, Arizona, the Securities and Exchange Commission has scheduled a hearing for October 20, 1958, in the U. S. Court-house in Phoenix, Petit Jury Room, on the question whether to vacate or make permanent a prior order of the Commission temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by Arizona Aviation.

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The company (formerly Azair Arizona Aircraft Company) proposed the public offering of 50,000 common shares pursuant to a Regulation A notification filed October 7, 1957. In its order dated September 5, 1958 (Securities Act Release No. 3964), suspending the Regulation A exemption from registration for such offering, the Commission asserted (1) that Arizona Aviation failed to file certain sales material, as required, and (2) that the company supplied certain false and misleading information to a newspaper knowing it would be disseminated during the stock offering and, the information having been so disseminated, that such conduct constituted an offering of stock in violation of Section 17 (the anti-fraud provision) of the Securities Act. The information in question was to the effect, among other things, that the company is currently involved in production and sales of several products and a wide range of aircraft components.

#### SEC ORDERS FURTHER SUSPENSION OF TRADING IN CORNUCOPIA STOCK

The Securities and Exchange Commission announced today the issuance of an order pursuant to Section 19(a)(4) of the Securities Exchange Act of 1934 suspending trading on the American Stock Exchange in the \$.05 par value Common Stock of Cornucopia Gold Mines, with offices formerly in Pittsburgh, Pennsylvania, for a further ten day period, October 3, 1958 to October 12, 1958, inclusive.

The action was based on the company's failure to comply with the reporting requirements of Section 13 of the Act and the disclosure requirements of the Commission's proxy rules under Section 14.

Upon the basis of a finding by the Commission that such suspension is necessary to prevent fraudulent, deceptive, or manipulative acts or practices in connection with trading in stock of Cornucopia Gold Mines, trading by brokers and dealers in such stock in the over-the-counter markets is also prohibited during the period of the suspension.

The Commission previously ordered proceedings pursuant to Section 19(a)(2) of the Act on the question whether the stock of Cornucopia Gold Mines should be suspended for a period not exceeding 12 months, or withdrawn, from listing and registration on the Exchange. These proceedings, in which hearings are now in progress, involve charges of non-compliance with the reporting and disclosure requirements of the Act.

#### AUSTRALIA FILES BOND OFFERING PROPOSAL

The Commonwealth of Australia today filed a registration statement (File 2-14411) with the SEC seeking registration of \$25,000,000 of Twenty Year Bonds, due November 1, 1978, to be offered for public sale through an underwriting group headed by Morgan Stanley & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Proceeds of the sale of the bonds will be applied towards capital works and expenditures being financed under the 1958/59 loan programme approved by the Australian Loan Council for the Commonwealth and State Governments. Among the public works projects financed under this programme are housing, the development of electric power and transmission facilities, modernization of rail-road equipment, and construction of additional water supply, irrigation and sewage facilities.