

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

Brief summary of financial proposals filed with and actions by the S.E.C.



Washington 25, D.C.

FOR RELEASE October 31, 1958

GRANITE STATE ELECTRIC BORROWINGS CLEARED

The SEC has issued a supplemental order (35-13858) with respect to \$1,050,000 of bank borrowings by Granite State Electric Company, a subsidiary of New England Electric System. Promissory notes issued therefor will bear interest at the prime rate (presently 4% per annum) at the time of issuance; and Granite will use the proceeds to repay notes to NEES outstanding in a like amount and bearing interest at 3½% per annum. NEES will credit Granite with the amount of interest representing the difference between 3½% and the rate of interest on each such new note to be issued to the bank for the period from its issue date to maturity date.

CONNECTICUT FIDUCIARIES' FUND GRANTED PARTIAL EXEMPTION

The SEC has issued an order (IC-2787) granting an application of Connecticut Fiduciaries' Fund, Inc., Stamford, Conn. investment company, for an exemption from certain provisions of the Investment Company Act.

The Fund was organized under the Public Acts of the State of Connecticut, January Session, 1957, as a mutual trust investment company to serve as a medium for the common investment of trust funds held by small banks and trust companies in Connecticut which do not have common trust funds of their own. It will employ no underwriter or sales force, nor undertake any active sales campaign. Eligible banks and trust companies desiring to participate in its initial offering may place their orders at the price of \$10 per share. The Fund urges that compliance with certain provisions of the Investment Company Act would be unduly burdensome and involve unnecessary expenses; and it further asserts that compliance therewith is not required in view of the supervision of its activities by the Bank Commissioner of Connecticut.

The Commission's order grants exemption from compliance with its proxy rules; from the prohibitions of the law against intra-state offerings by investment companies not registered with the Commission; from the requirement that the Fund sell its securities at a public offering price described in its prospectus; from certain provisions governing the redemption of securities; and from the requirement that directors be elected by stockholders (to the extent of permitting the present board to serve until the first meeting of shareholders in 1959).

DELISTING OF ST. LOUIS SOUTHWESTERN RY. AND ANDES COPPER MINING APPROVED

The SEC has issued orders (34-5812) granting applications of the New York Stock Exchange to strike from listing and registration the common and 5% preferred stocks of St. Louis Southwestern Railway Company and the capital stock of Andes Copper Mining Company, effective at the close of the trading session on November 13, 1958.

TWO EXCHANGES APPLY FOR UNLISTED TRADING IN HOWE SOUND COMMON

The Philadelphia-Baltimore Stock Exchange and the Pacific Coast Stock Exchange have each applied for unlisted trading privileges in the common stock of Howe Sound Company (Del.); and the Commission has issued an order (34-5812) giving interested persons until November 14, 1958, to request a hearing thereon. The stock is listed and registered on the New York Stock Exchange.

* * * * *

OVER

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

SEC GRANTS WITHDRAWAL REQUEST OF SHEEHAN & CO.

In a decision announced today (34-5809), the Commission granted a request of Daniel M. Sheehan, Jr., doing business as Sheehan & Co., Boston, for withdrawal of his broker-dealer registration. Proceedings on the question whether Sheehan's registration should be revoked were dismissed.

The proceedings were based upon (1) a 1955 decree entered with Sheehan's consent by the United States District Court for the District of Massachusetts, enjoining him from effecting securities transactions without disclosing that he is unable to meet his current liabilities and from violating the Commission's record-keeping rules; and (2) the failure of Sheehan to file the required reports of financial condition for 1955 and 1956.

Following the institution of these proceedings, Sheehan filed a request for withdrawal from registration. He urged that he had consented to the 1955 injunction and thereupon immediately discontinued his business and has not engaged in a securities business since that time. He further asserted that his failure to file the financial reports was not intentional but was due to his failure to understand that such reports were required notwithstanding his cessation of business. Furthermore, he urged that his education and training are limited to the securities business, in which he has been occupied for 30 years; that there is no complaint that he failed to deliver securities or pay amounts due customers; and that he wishes to continue in the securities business as a supervised employee of a registered broker-dealer subject to approval by the Commission.

In view of these and other considerations, the Commission concluded that it was appropriate to permit Sheehan to withdraw from registration and to discontinue the revocation proceedings.

LONG ISLAND CASUALTY INSURANCE FILES VOTING TRUST

The Long Island Casualty Insurance Company, Garden City, N. Y., filed a registration statement (File 2-14485) with the SEC on October 30, 1958, seeking registration of Voting Trust Certificates with respect to the 100,000 shares of its Capital Stock. These shares are the subject of an earlier registration statement filed on September 29, 1958, and proposed for offering to stockholders at \$6 per share. Purchasers have the right to become parties to the Voting Trust Agreement by depositing their shares in exchange for an equal number of voting trust certificates. There are presently outstanding 55,975 shares of stock of which all but 7,200 are subject to the voting trust agreement.

POST-HEARING PROCEDURE PRESCRIBED ON IHES FEE APPLICATION

The SEC has issued an order (35-13856) prescribing the post-hearing procedure with respect to requests for fees and allowances filed by the several participants in the Holding Company Act proceedings for the reorganization of International Hydro-Electric System (Boston).

COLUMBIA GAS DEBENTURE OFFERING CLEARED

The SEC has issued an order (35-13857) authorizing The Columbia Gas System, Inc., New York holding company, to issue and sell, at competitive bidding, \$25,000,000 of Debentures, Series K, due 1983. Proceeds of the sale of the debentures and of recent bank borrowings will be used to assist system companies in financing their 1958 construction programs and to increase Columbia's investment in Columbia Gulf Transmission Company, a subsidiary recently organized to acquire the pipeline facilities of Gulf Interstate Gas Company, which purchase proposal is pending before the Commission.

HARATINE GAS AND OIL OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by The Haratine Gas and Oil Company, Inc., of Euclid, O. (33-3987). The order

Continued

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

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. Haratine Gas filed a Regulation A notification on June 23, 1958, proposing the public offering of 199,900 common shares at \$1.50 per share pursuant to such an exemption. The offering was to be made on a best efforts basis by Herbert Perry & Co., Inc., of New York City, for which it was to receive a selling commission of 30¢ per share. The Commission's order charges that certain sales material used in the offering and sale of the shares, consisting of letters, circulars and other written communications, were not filed with the Commission prior to their use, as required; that certain of the sales material was false and misleading in respect of material facts; and that the offering of the stock would violate Section 17 (the anti-fraud provision) of the Securities Act.

Statements in the sales material challenged by the Commission were (1) that Haratine Gas has "substantial holdings near the largest oil strike in the last forty years east of the Mississippi;" (2) that the company has sizeable holdings in the vicinity of "the greatest gas well" in a certain area; (3) that a new well, alleged to be in the area of holdings of Haratine Gas, has original rock pressure over 10 times greater than the previous big well and promises a potential production of fabulous proportions; (4) that "Offshore Drilling Reaches 4,200 feet, Oil Hopes Rise;" and (5) that the Haratine Gas stock had a current market price of \$1.50 per share.

AMERICAN ENTERPRISE FUND PROPOSES OFFERING

American Enterprise Fund, Inc., New York mutual investment fund, filed a registration statement (File 2-14486) with the SEC on October 30, 1958, seeking registration of 487,897 shares of its common stock. The Fund was organized under New York law on December 10, 1957. Phillip Goos is listed as Director. Edward A. Viner & Co., Inc., will serve as investment adviser, distributor and custodian.

MCDONALD, KAISER & CO. RESTRAINED BY COURT ORDER

The SEC New York Regional Office announced on October 29, 1958, that the USDC, SDNY had signed a temporary restraining order enjoining McDonald, Kaiser & Co., Inc., and its president, Hugh McDonald, 70 Pine Street, New York City, from certain violations of the anti-fraud provisions of the Securities Exchange Act, and scheduling a hearing for October 30, 1958, on motion for preliminary injunction. (LR-1353).

FURTHER SENTENCE IMPOSED IN CENTRAL FINANCE CASE

The SEC Fort Worth Regional Office announced on October 29, 1958 (LR-1355) that Roy W. Adams had been sentenced in the USDC, ED, Tex., at Texarkana, to 18 months imprisonment following conviction on mail fraud charges in sale of Central Finance Service, Inc. stock. Council Mayo Forsyth previously had been sentenced to two years imprisonment for violating anti-fraud provisions of the Securities Act in the sale of such stock.

RIGHTS OFFERING BY GENERAL PUBLIC UTILITIES CLEARED

The SEC has issued an order (35-13853) authorizing General Public Utilities Corporation, New York holding company, to offer for sale to its stockholders an additional 517,480 shares of its common stock. The stock is to be offered to the holders of 100 or more shares, at the rate of one additional share for each twenty shares held of record October 31, 1958. The subscription price will be not more than the closing price of GPU common on the New York Stock Exchange on the day prior to the record date and not less than 85% thereof.

In lieu of issuing warrants to holders of less than 100 shares, GPU will pay such holders cash in an amount equal to the number of rights to which they would be entitled multiplied by 1/20 of the excess of the average of the last sale price of GPU common on the Exchange on the second, third and fourth business days immediately following the record date, over the subscription price. Such holders also will be given the privilege of purchasing from GPU, at the prevailing market price, such number of full shares of GPU common as would have been covered by the warrants issuable to them in absence of the cash equivalent payments referred to.

Net proceeds of the sale of the stock will be applied (a) to repay GPU's outstanding bank loans of \$10,000,000 and (b) to the making of additional investments in GPU's subsidiaries, or the reimbursement of its treasury for such investments heretofore made in 1958.

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, November 2, 1958 to November 11, 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 market 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 which are still pending, involve charges of non-compliance with the reporting and disclosure requirements of the Act.

---oooOooo---