

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 April 15, 1957

Statistical Release No. 1447

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended April 12, 1957, for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1957, is as follows:

	(1939 = 100)		Percent Change	1957	
	<u>4/12/57</u>	<u>4/5/57</u>		<u>High</u>	<u>Low</u>
Composite	338.6	332.4 R	↗ 1.8	346.0	322.5
Manufacturing	430.8	420.9 R	↗ 2.4	441.7	405.7
Durable Goods	404.4	395.0	↗ 2.4	419.3	382.7
Non-Durable Goods	455.2	444.3 R	↗ 2.3	462.5	427.1
Transportation	290.7	289.2	↗ 0.5	317.5	286.1
Utility	159.5*	159.1	↗ 0.3	159.5	156.2
Trade, Finance & Service	281.5	280.7	↗ 0.3	290.1	274.8
Mining	352.4	344.2	↗ 2.4	382.0	340.5

*New High

Securities Exchange Act Release No. 5488

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Churchill Securities Corp., New York, N. Y., and/or to suspend or expell that company from membership in the National Association of Securities Dealers, Inc. A hearing for the purpose of taking evidence therein is scheduled for April 30, 1957, in the Commission's New York Regional Office.

Churchill Securities has been registered with the Commission as a broker-dealer since September 4, 1956. Its registration application lists Nat Girsky as president, director and a controlling stockholder; Emanuel Bisgeier as vice-president, director and a controlling stockholder; and Melvin Heiman as treasurer, secretary and a controlling stockholder. On March 5, 1957, the U. S. District Court for the Southern District of New York entered an order temporarily restraining Churchill Securities, Girsky, Bisgeier and Heiman from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities, which order is still in effect. On December 31, 1956, Churchill Securities filed a statement of financial condition as of November 30, 1956; and on March 18, 1957, it applied for withdrawal of its broker-dealer registration.

(O V E R)

According to the Commission's order, information developed in an investigation by its Staff tends to show that since approximately November 30, 1956, Churchill Securities has engaged in the conduct of business as a broker-dealer when its aggregate indebtedness to all other persons exceeded 2,000 per centum of its net capital, in violation of the Commission's net capital rule. At the April 30, 1957, hearing, inquiry will be conducted for the purpose of determining whether the foregoing information is true and, if so, whether Churchill Securities has wilfully violated the provisions of the net capital rule and whether to revoke its broker-dealer registration and/or to suspend or expell it from NASD membership.

Holding Company Act Release No. 13443

Eastern Utilities Associates, Boston, has joined with two of its subsidiaries in the filing of financing and related proposals with the SEC; and the Commission has issued an order scheduling the application for hearing on May 7, 1957. The transactions proposed are as follows:

(1) Issuance and sale of \$3,750,000 of 25-year bonds by EUA at competitive bidding.

(2) issuance and sale by Blackstone Valley Gas and Electric Company of \$3,750,000 of notes to EUA and an additional \$2,750,000 of notes to banks.

(3) Purchase by Blackstone from Valley Gas Company, its newly-formed subsidiary, of \$2,500,000 of Valley common stock and \$6,000,000 of its notes, as consideration for which Blackstone will pay to Valley \$6,500,000 in cash and convey to it certain unmortgaged gas assets of Blackstone having an estimated net book value of \$2,000,000. Thereupon, Valley proposes to acquire from Blackstone its mortgaged gas assets for \$6,500,000 cash. Blackstone proposes to deposit the \$6,500,000 of cash with its indenture trustee, to be used for the retirement of outstanding Blackstone bonds by purchase or redemption as directed by Blackstone.

Subsequently, within one year, it is contemplated that application will be made to the Commission for an order authorizing Valley to issue \$4,000,000 of bonds, \$1,100,000 of notes, and \$900,000 of preferred stock in exchange for the \$6,000,000 of notes held by Blackstone; the disposition by Blackstone of the Valley bonds, notes and preferred stock by negotiated sale, the proceeds to be applied to the reduction of Blackstone notes; and the underwritten offering by Blackstone, to its common stockholders (other than EUA) and to the common shareholders of EUA, of the Valley common stock.

Holding Company Act Release No. 13444

Alabama Power Company (Birmingham) has applied to the SEC for authorization to issue and sell \$14,500,000 of bonds at competitive bidding; and the Commission has issued an order giving interested persons until April 29, 1957, to request a hearing thereon. Specifically, Alabama proposes to sell \$14,500,000 of First Mortgage Bonds, due 1987. Net proceeds are to be used for property additions and improvements. 1957 construction expenditures are estimated at \$48,708,000.

* * * *

(Continued)

Alabama Power Company also filed a registration statement (File 2-13250) with the SEC on April 12, 1957, seeking registration of the \$14,500,000 of First Mortgage Bonds, due 1987, to be offered for public sale at competitive bidding. According to its prospectus, proceeds of the sale of the \$14,500,000 of bonds, together with \$8,500,000 received in April 1957 from the sale of additional common stock to its parent, The Southern Company, will be applied to its construction program. The company estimates that it will not be necessary to sell any additional securities in 1957 for such purposes.

Holding Company Act Release No. 13445

General Public Utilities Corporation, New York holding company, has joined with its subsidiary, Manila Electric Company, in the filing of an application proposing the payment of a common stock dividend by Manila to GPU, and related matters; and the Commission has issued an order giving interested persons until April 29, 1957, to request a hearing thereon.

Manila proposes to amend its charter to change its authorized common stock from 1,000,000 shares of 40 pesos par to 10,000,000 shares of 10 pesos par; to reclassify its outstanding 1,000,000 shares of 40 pesos par common into 4,000,000 shares of 10 pesos par common, and to issue to GPU the 4,000,000 shares of new common in exchange for the outstanding 1,000,000 shares; and to issue to GPU 2,000,000 additional shares of the new common as a stock dividend on the then outstanding 4,000,000 shares. To reflect the payment of such stock dividend on its books, Manila proposes to transfer 20,000,000 pesos from its earned surplus account to its capital stock account.

Holding Company Act Release No. 13446

Southern Services, Inc., Birmingham, Ala., mutual service company of The Southern Company holding company system, has filed an application with the SEC proposing the sale of additional capital stock to system companies; and the Commission has issued an order giving interested persons until April 29, 1957, to request a hearing thereon. Southern Services proposes to issue and sell an additional 1,975 shares of its \$50 par capital stock, at par, as follows: 778 shares to Alabama Power Company; 898 to Georgia Power Company; 158 to Gulf Power Company; and 141 to Mississippi Power Company. The purchasing companies are operating utility subsidiaries in the Southern system serviced by Southern Services. Southern Services proposes to use the proceeds of the stock sale to supplement its working capital, an increase in which is necessitated by the heavy construction program now in progress in the system.

Holding Company Act Release No. 13447

The Potomac Edison Company, Frederick and Hagerstown, Md., has applied to the SEC for authorization to issue and sell \$14,000,000 of bonds at competitive bidding; and the Commission has issued an order giving interested persons until April 29, 1957, to request a hearing thereon. Specifically, Potomac Edison proposes to sell \$14,000,000 of First Mortgage and Collateral Trust Bonds, due 1987. Net proceeds will be used in part to finance the company's construction program and in part to make additional investments in its subsidiaries for the purpose of assisting them in financing their construction programs. (See News Digest of 4/2/57 for filing of

(Continued)

Potomac Edison registration statement).

Investment Company Act Release No. 2507

National Aviation Corporation, New York investment company, has applied to the SEC for an exemption order permitting its acquisition of not to exceed 20,000 of the 250,000 shares of common stock which KLM Royal Dutch Airlines (Koninklijke Luchtvaart Maatschappij N.V.) proposes to offer for public sale in the United States; and the Commission has issued an order giving interested persons until April 26, 1957, to request a hearing upon the application. Purchase of KLM stock by National is prohibited under the Investment Company Act (unless the exemption order is issued) because two of its directors are partners of two of the proposed underwriters of the offering.

Investment Company Act Release No. 2510

The SEC has issued an order authorizing Diversified Investment Fund, Inc., Elizabeth, N. J. investment company, to purchase not to exceed \$600,000 principal amount of the \$125,000,000 of Sinking Fund Debentures, due 1980, offered for public sale through underwriters by Aluminum Company of Canada, Ltd. The latter's registration statement became effective April 9, 1957. One of the nine directors of Diversified is a partner of one of the underwriters. Therefore, such acquisition is prohibited unless exempted by the Commission.

Securities Exchange Act Release No. 5486

The SEC today announced the issuance of a decision revoking the broker-dealer registration of The Lawrence & Murray Co., Inc. ("Registrant"), of New York. According to the decision, Registrant and its president, Murray Ramoy, were permanently enjoined on October 5, 1956, by the United States District Court for the Southern District of New York from engaging in the securities business while insolvent. The complaint and supporting affidavits filed in that action, which were included in the record before the Commission, recited that Registrant transacted business with customers while its liabilities exceeded its assets by substantial amounts.

Registrant sought permission to withdraw from registration urging that it terminated its business promptly after the events leading to its insolvency and that it has endeavored to make restitution to its customers and will continue to do so. The Commission ruled, however, in view of the serious nature of the conduct on which the injunction was based, that it is not in the public interest to permit withdrawal from registration and that Registrant's registration should be revoked.

Securities Exchange Act Release No. 5489

The SEC has granted a request of Clifford Alexa Murray, doing business as Security Marketers, New York, N. Y., for withdrawal from registration as a broker-dealer; and it has discontinued proceedings on the question whether Murray's broker-dealer registration should be revoked. The proceedings were based upon the filing by Murray of a financial statement with the Commission, in which he listed cash assets of \$1,000 and no liabilities. The Commission ruled that this report was

(Continued)

also since Murray did not have \$1,000 in cash and was indebted to two finance companies in the total amount of \$868.69.

Murray sought permission to withdraw his registration on the ground that he has not engaged in business as a broker-dealer since he became registered on April 25, 1956 and has no future plans for doing so. He further sought to explain the financial report by stating that his wife had \$1,000 in currency which she promised to lend him to start in business, that he planned to organize a corporation which would commence business with \$1,000 in assets and no liabilities but abandoned this program in order to save incorporation expenses, and that he did not understand that his personal liabilities should be reflected in his financial statement. The Commission was "not impressed by this explanation," particularly since Murray has been an employee of various brokerage firms for over ten years and had the assistance of counsel in the formulation of his program. However, since Murray has not engaged in business and does not propose to do so, the Commission concluded that the public interest does not require revocation of his registration and granted his request for withdrawal from registration.

* * * *

Commonwealth Stock Fund Inc., San Francisco investment company, filed an amendment on April 11, 1957 to its registration statement (File 2-10611) seeking registration of an additional 200,000 shares of common stock, \$1 par value.

---000000---