

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 June 7, 1957

Kaiser Aluminum & Chemical Corporation, Oakland, Calif., filed a registration statement (File 2-13411) with the SEC on June 6, 1957, seeking registration of 300,000 shares of Cumulative Convertible Preference Stock, \$100 par. The company proposes to offer this stock for public sale through an underwriting group headed by The First Boston Corporation and Dean Witter & Co. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the preferred stock sale will be used to provide a portion of the funds for the completion of the 1956 and current expansion programs and to retire outstanding bank borrowings aggregating \$21,505,000 due in 1957 and 1958, being the remaining bank loans incurred in 1951 and 1952 to finance expansion undertaken at that time. According to the prospectus, the company has arranged to reschedule over a period from May 31, 1959 to January 1, 1976, the sinking fund payments which were to have been made on May 31, 1957 (\$3,500,000) and May 31, 1958 (\$9,000,000) on its outstanding 4½% Bonds. In addition, it is negotiating for the sale to institutional investors of \$50,000,000 of a new series of First Mortgage Bonds. The company expects that the additional funds needed to complete the programs will be provided from retained earnings, reserves for depreciation and other cash resources. It has entered into a bank credit agreement under which borrowings up to an aggregate of \$75,000,000 may be made for completion of the expansion programs, for financing initially acquisitions or expansions, and for other general corporate purposes.

In 1954, Kaiser Aluminum started a construction program to provide fabricating capacity in the Ohio River Valley at Ravenswood, W. Va. In 1956, it commenced construction of a major primary aluminum plant adjacent to the Ravenswood mill and a new alumina plant at Gramercy, La. Upon completion of these facilities in 1958, together with additions to its existing plants, the company's annual primary aluminum capacity will be increased to 609,500 tons. The total estimated cost of these programs is now estimated at \$321,000,000. Additional facility acquisitions and expansions have been undertaken and are expected to be completed in 1959 at a total estimated cost of \$92,000,000.

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Barium Steel Corporation, New York, filed a registration statement (File 2-13412) with the SEC on June 6, 1957, seeking registration of \$10,000,000 of 5½% Convertible Subordinated Debentures, due 1969, to be offered for public sale through an underwriting group headed by Lee Higginson Corporation and Allen & Company. The public offering price and underwriting terms are to be supplied by amendment.

(OVER)

Barium intends to use the entire net proceeds of the sale of the debentures in connection with the construction of a new plant. The proposed plant would be located on leased property located in Burlington County, N. J. and would consist of modern steel-producing equipment with an annual rated capacity of 800,000 ingot tons. Construction of the plant is expected to extend about two years from the time work is begun. Upon completion of the new plant, the company intends to use the ingots to be produced there in its structural and tube mills at Phoenixville, Pa., and in its plate mill at Harrisburg, Pa. It intends to devote its blast furnace at Chester, Pa., to the production of pig iron for the open market and to place its open hearth furnaces at Phoenixville and Harrisburg on a standby basis, to be used either to supplement for its own use the production of the new facilities or for the production of ingots for the open market.

The proceeds of the new debentures will furnish less than a quarter of the funds (estimated at present price levels to be \$47,300,000) necessary to complete the construction and to purchase the plant site (the company has an option to purchase the leased property for \$1,175,000). The company expects to obtain the approximately \$38,000,000 of the necessary additional funds from future financing and, to the extent available, from the general funds of the company.

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Newport News Shipbuilding and Dry Dock Company, Newport News, Va., filed a registration statement (File 2-13413) with the SEC on June 6, 1957, seeking registration of 60,000 shares of its \$1 par Common Stock, to be offered under the company's "Restricted Stock Option Plan" to certain employees of the company.

Holding Company Act Release No. 13494

Jersey Central Power & Light Company (Asbury Park) has applied to the SEC for authorization to issue and sell \$15,000,000 of bonds at competitive bidding; and the Commission has issued an order giving interested persons until June 21, 1957, to request a hearing thereon. More particularly, Jersey Central proposes to issue and sell \$15,000,000 of principal amount of additional first mortgage bonds, Series due July 1, 1987. Net proceeds are to be applied to its construction expenditures, which are contemplated will amount to approximately \$22,500,000, and to repay short-term borrowings effected in 1957 for construction purposes.

Holding Company Act Release No. 13496

The Columbia Gas System, Inc., New York holding company, has applied to the SEC for authorization to make \$45,000,000 of bank borrowings; and the Commission has issued an order giving interested persons until June 21, 1957, to request a hearing thereon. Columbia proposes to make borrowings from 18 banks on or before July 16, August 15, and September 16, 1957, in the respective amounts of \$15,000,000. The funds are to be advanced to five subsidiaries to enable them to finance the purchase of inventory gas for storage during the off-peak season.

Securities Act Release No. 3796

The Securities and Exchange Commission today announced the issuance of a decision permanently suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities by Dix Uranium Corporation, of Provo, Utah.

(Continued)

In August, 1955, Dix filed a Regulation A notification with the Commission proposing the public offering of 6,000,000 shares of its common stock at 5¢ per share pursuant to the conditional exemption from registration provided by Regulation A. By order of June 25, 1956, the Commission temporarily suspended this exemption on the ground that the notification and offering circular appeared to contain false and misleading statements of material fact and that the issuer failed to file the required semi-annual report of stock sales. Dix subsequently sought withdrawal of its notification, and a hearing was ordered by the Commission.

In its decision, the Commission ruled that Dix's notification and offering circular "were materially false and misleading" in naming Weber Investment Company as the underwriter of its stock offering. Weber's broker-dealer registration with the Commission was withdrawn in November 1955; and, in fact, it had ceased active business operations in July 1955, prior to the filing of the notification by Dix. An underwriting agreement had been entered into between Dix and one Ruth J. Rains, purporting to act in behalf of Weber; but the latter's president testified that Rains had no authority to enter into any such agreement on that company's behalf. Observing that "active participation of an underwriter in connection with any stock issue is a matter of prime importance to prospective investors," the Commission concluded that the naming of Weber as underwriter was materially false and misleading. Furthermore, the Commission stated, the offering circular was materially misleading in omitting to state that Rains was to act as the underwriter and that she was not a registered broker-dealer.

In addition, the Commission found that references in the offering circular to the effect that the underwriter would use its best efforts to sell the stock through securities dealers registered in Nevada and other states where the offering had been registered and cleared for sale were materially false and misleading, in view of the fact that Nevada law does not provide for the registration or clearance of securities dealers or securities offerings in that State. "The quoted statement is materially false and misleading," the Commission stated, "since it tended to convey a false impression of official approval by Nevada."

The failure to file the required semi-annual reports of stock sales also was cited by the Commission as a basis for the permanent suspension of the Regulation A exemption for the Dix stock offering. Dix had requested withdrawal of its Regulation A notification, pointing out that only 43,160 shares had been sold, that a contemplated merger with another company might otherwise be precluded, and that it would be willing to make full disclosure of the facts to all stockholders and make an offer of restitution. Under the particular circumstances here involved, including the fact that the activities involved not only a failure to comply with procedural safeguards in the Regulation but also materially false and misleading statements, the Commission rejected the withdrawal request and ordered permanent suspension of the Regulation A exemption.

Securities Act Release No. 3798

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following (the orders providing an opportunity for hearing, upon request, on the question whether the respective suspensions should be vacated or made permanent):

(Continued)

Century Controls Corporation, Farmingdale, N. Y.

In a Regulation A notification, filed February 21, 1956, Century proposed the public offering of 40,000 shares of its common stock at \$2.50 per share

Century Controls Corporation, Farmingdale, N. Y.

In a further Regulation A notification, filed October 4, 1956, Century proposed the public offering of \$150,000 principal amount of 6% subordinated convertible debentures at a price equivalent to 90% of the principal amount thereof

Cozona Uranium Corporation, Las Vegas, Nev.

The Regulation A notification of Cozona, filed April 10, 1956, proposed the public offering of 300,000 shares of common stock at \$1 per share

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. The Commission's orders in each of the three cases cited assert that the terms and conditions of Regulation A have not been complied with by the respective issuing companies.

In the case of the February 21, 1956, notification filed by Century, the Commission's order alleges that the company's notification failed to state each of the jurisdictions (states) in which the securities were to be offered, as required by the Regulation. With respect to Century's second notification, filed October 4, 1957, the Commission's order asserts, among other things, (1) that the aggregate offering price of all securities required to be included in the computation under Regulation A exceeds the \$300,000 limitation of the regulation; (2) that the notification fails to include certain required information with respect to unregistered securities of the issuer sold within one year of the filing by and for the account of directors, officers, promoters and principal stockholders of Century and by and for the account of a person who was an underwriter of its securities; and (3) that the company's offering circular fails to describe all the direct and indirect interests in Century (by security holdings or otherwise) of each officer, director and controlling person of Century. Furthermore, according to the order, the notification and offering circular are false and misleading in respect of certain material facts, namely, those referred to in (2) and (3) above as well as the financial condition of the company, more particularly the failure to disclose contingent liabilities incurred by Century as a result of sales of its securities.

In the case of Cozona, the Commission's order asserts that Regulation A has not been complied with by reason of that company's failure to file the required semi-annual reports reflecting the amount of shares sold and the use to which the proceeds were applied.

A request of Century for withdrawal of its second notification was denied by the Commission. If no hearing is requested on the question of vacating or making permanent the suspension order, the withdrawal request will be considered denied, with prejudice, and the suspension order will become permanent on the thirtieth day after its entry.

(Continued)

The Cincinnati Gas & Electric Company, Cincinnati, O., today filed a registration statement (File 2-13414) with the SEC seeking registration of 160,000 Common Shares, \$8.50 par. The company proposes to offer 80,000 shares of this stock for subscription, at \$19 per share, under the Employees' Stock Purchase Plan of the company. Of such 80,000 shares, 50,000 shares are to be offered to employees, other than officers, junior officers and certain other key employees on the basis of 2 shares for each \$100 or fraction thereof of annual pay of such employees on the date of the offer; 15,000 shares are to be offered to officers and 15,000 shares to junior officers and such certain other key employees.

It is anticipated that the additional 80,000 shares will be offered at a later date, or dates, under the Employees' Stock Purchase Plan.

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