

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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FOR RELEASE March 13, 1964

A. J. DAVIS - TRANSPORT INDUSTRIES HEARING SCHEDULED. The SEC has scheduled a hearing for May 6, 1964, in its Washington office, in consolidated proceedings under the Securities Act of 1933 and Securities Exchange Act of 1934 involving A. J. Davis Company, 345 4th Avenue, Pittsburgh, and Transport Industries, Inc., of Albion, Penna.

The proceedings with respect to the broker-dealer firm of A. J. Davis Company were authorized by Commission order of January 9, 1964, and involve staff charges that the said firm engaged in activities violative of the Securities Act registration and anti-fraud provisions in the sale of Transport Industries stock. Subsequently, on January 23, 1964, the Commission issued an order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of stock by Transport Industries underwritten by A. J. Davis Company; and the issuing company requested a hearing for the purpose of determining whether the suspension order should be vacated or made permanent.

CANADIAN RESTRICTED LIST. The SEC has removed the following companies from its Canadian Restricted List:

Amador Highland Valley Coppers, Ltd.	Quebec Graphite Corp.
Apollo Mineral Developers, Inc.	Space Age Mines, Ltd.
Canada Radium Corp., Ltd.	Stackpool Mining Co., Ltd.
Courageous Gold Mines, Ltd.	Tamicon Iron Mines, Ltd.
Du Maurier Mines, Ltd.	Taurcanis Mines, Ltd.
Embassy Mines, Ltd.	Vico Explorations, Ltd.
Export Nickel Corp. of Canada, Ltd.	Viscount Oil and Gas, Ltd.
Paramount Petroleum & Minerals Corp., Ltd.	

The said List is comprised of the names of Canadian companies whose securities the Commission has reason to believe recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide. The June 27, 1960, revision of the List (Release 33-4240) contained the names of 209 companies. Since that date, the names of sixty-eight companies have been added to the list and fifty-four have been dropped from the list (including those listed above), for a net total of 223.

NEES SYSTEM BORROWINGS APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-15032) authorizing subsidiaries of New England Electric System, Boston holding company, to issue notes to banks and NEES from time to time during 1964 in amounts not to exceed \$22,225,000 at any one time outstanding. The proceeds thereof will be used by the subsidiaries to pay notes now outstanding and to provide new money for construction expenditures or reimburse their treasuries therefor. Another subsidiary will issue some \$3,000,000 of notes to NEES pursuant to an exemption provided by Section 6(b) of the Act.

NEW ORLEANS PUBLIC SERVICE RECLASSIFICATION. New Orleans Public Service Inc., of New Orleans, La., has joined with its parent, Middle South Utilities, Inc., New York holding company, in the filing of a proposal with the SEC under the Holding Company Act to reclassify the subsidiary's outstanding common stock; and the Commission has issued an order (Release 35-15031) giving interested persons until April 3d to request a hearing thereon. New Orleans Public Service now has 2,000,000 common shares authorized (with a stated value of \$25 per share), of which 1,420,529.78 shares are outstanding and held by Middle South. It proposes to amend its charter to authorize 6,000,000 shares of \$10 par stock and, in connection therewith, to issue to Middle South 3,551,324.45 of its new common stock in place of the shares now held by Middle South. The balance in New Orleans' common capital stock account will remain unchanged at \$35,513,224.50. The subsidiary also proposes to transfer the balance, \$3,906,456.90, from its capital surplus account to its common capital stock account and, in connection therewith, to issue an additional 390,645.69 shares to Middle South.

CLARIFICATION RE WHITMORE INDICTMENT. The indictment of Ralph H. Whitmore of Washington, D. C., was reported on the News Digest of March 12th. Said defendant is not to be confused with Ralph E. Whitmore, Jr., of Whitmore & Co., Inc., 29 Broadway, New York City.

CITIES SERVICE FILES STOCK PLAN. Cities Service Company, Sixty Wall St., New York, filed a registration statement (File 2-22136) on March 10 seeking registration of \$13,150,000 of Participations in its Employees Thrift Plan, together with 200,000 shares of Cities Service common which may be purchased under said Plan.

TENNESSEE GAS FILES FINANCING PROPOSAL. Tennessee Gas Transmission Company, Tennessee Bldg., Houston, Texas, filed a registration statement (File 2-22137) with the SEC on March 12 seeking registration of \$50,000,000 of Debentures due 1984 and 150,000 shares of \$100 par Cumulative Preferred Stock. The preferred stock is to be offered for public sale by underwriters headed by Stone & Webster Securities Corporation, 90 Broad St., and White, Weld & Co., 20 Broad Street, New York, and the debentures by said two firms and Halsey Stuart & Co., Inc., 120 South La Salle St., Chicago. The interest and dividend rates, public offering price and underwriting terms are to be supplied by amendment.

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The company and two subsidiaries own and operate pipe line systems for the transmission and sale or delivery of natural gas. Another subsidiary owns all of the stock of or a controlling interest in various subsidiaries engaged in the production, refining and marketing of petroleum and petroleum products and in certain other non-utility businesses. Net proceeds of this financing will be added to general funds of the company and used (together with funds generated from operations) for the expansion of the natural gas pipe line systems and for the domestic and foreign oil and gas development, exploratory drilling, acquisition, marketing, petrochemical and other activities of the company and its subsidiaries. Applications are pending before the Federal Power Commission for construction of additional submarine gathering lines at a cost of \$10,000,000, and additional pipeline facilities at a cost of \$50,000,000. In addition to indebtedness and preferred stock, the company at December 31, 1963, had outstanding 42,718,825 common shares, of which management officials own some 1.3%. Gardiner Symonds is board chairman and Harold Burrow president.

GREATER WASHINGTON INDUSTRIAL INVESTMENTS. The Commission has issued two orders involving Greater Washington Industrial Investments, Inc. ("GWII"), 125 K St., N. W., Washington, D. C., a closed-end investment company and a licensee under the Small Business Investment Act of 1958, as follows: (1) a certificate pursuant to Section 851(e) of the Internal Revenue Code of 1954 (Release IC-3929) declaring that the company for its tax year ended June 30, 1963, was principally engaged in the furnishing of capital to other corporations which are principally engaged in the development or exploitation of inventions, technological improvements, new processes, or products not previously generally available (issuance of such certificate is necessary for GWII to qualify as a "regulated investment company" under said provision of the Code); and (2) an order giving interested persons until March 27th to request a hearing on an application for an exemption order under the Investment Company Act (Release IC-3930) with respect to certain proposed transactions involving American Scientific Corporation (formerly Servonics, Inc., with which Reed Research, Inc., was merged in November 1962.) In connection with such merger, the said GWII received 170,000 common shares and a \$100,000 note of American for its interests in Reed Research (American also issued an additional \$225,000 of such notes to others). Recently, American made an offer to all its noteholders pursuant to which each would have the option to convert his note to common stock of American at the rate of one share for each 50¢ face amount of note, accept new notes of extended maturity accompanied by warrants to purchase American common at 85¢ per share, or accept neither choice and maintain the status quo. GWII proposes to convert its notes to common, accept new notes of extended maturity accompanied by warrants or maintain the status quo, all in proportion to the election made by other noteholders in the aggregate.

SECURITIES ACT REGISTRATIONS. Effective March 12: Consolidation Coal Co. (File 2-22092); Florida Telephone Corp. (File 2-22096); Lincoln Liberty Life Insurance Co. (File 2-22078).

ORAL ARGUMENT, Coming Week. March 19, 2:30 P.M., Market Values, Inc.

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