

# 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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**CORPORATE WORKING CAPITAL UP.** The SEC reports (for June 23 newspapers) that the net working capital of U. S. corporations, excluding banks and insurance companies, rose \$2.9 billion in the first quarter of 1966 and at the end of March totaled \$174.6 billion. The first quarter rise compares with increases of \$2.6 billion in the fourth quarter of 1965 and \$2.4 billion in the corresponding quarter of last year. Working capital, which represents business investment in current assets in excess of short-term liabilities, increased \$11.0 billion during the 12 months ended March 31, 1966. (For further details, see Statistical Release 2133.)

**GREAT SOUTHWEST DRILLING OFFERING SUSPENDED.** The SEC today announced the suspension of a Securities Act registration statement filed by Great Southwest Drilling Programs, Inc., Kenilworth, Ill., which proposed the public offering of \$3,000,000 of participations in a program of acquisition, exploration and development of oil and gas properties (Release 33-4834).

On the basis of the stipulation entered into by the company and the Commission staff, the Commission found that the registration statement was "materially deficient" in that it failed to disclose that William Harvey Parker, an attorney who was not mentioned in the statement, was the promoter and parent of the firm and the fact that he performed policy-making functions generally exercised by a company president. In addition, the registration statement did not show that in 1961 and 1965 Parker and certain of his affiliates were enjoined from violating the Federal securities laws in the sale of certain securities. It also was not disclosed that the firm's president and treasurer were to sell interests in the Great Southwest program through broker-dealer firms owned by them and receive commissions on such sales.

The SEC order has the effect of barring the public offering and sale of interests in the Great Southwest Drilling Programs until the deficiencies in the company's statement have been corrected by amendment to the satisfaction of the Commission and the order is lifted.

**COLUMBIA GAS SEEKS ORDER.** The Columbia Gas System, Inc., New York, has applied to the SEC for an order under the Holding Company Act authorizing it to acquire \$962,500 of installment promissory notes of its wholly-owned subsidiary, Columbia Gas of Pennsylvania, Inc.; and the Commission has issued an order (Release 35-15511) giving interested persons until July 14 to request a hearing thereon. The subsidiary, which recently acquired the business of Central Pennsylvania Gas Co., will use the proceeds of its note sale to retire certain indebtedness.

**OHIO VALLEY ELECTRIC SEEKS ORDER.** Ohio Valley Electric Corp., Piketon, Ohio, electric-utility subsidiary of American Electric Power Co., Inc., Ohio Edison Co., and Allegheny Power System, Inc., has applied to the SEC for an order under the Holding Company Act authorizing the partial retirement by Ohio Valley of its bonds and notes, the modification of the mortgage securing the bonds, and the solicitation of approval thereof by holders of the bonds and notes. The Commission has issued an order (Release 35-15512) giving interested persons until July 14 to request a hearing thereon.

In 1962 Ohio Valley and its subsidiary, Indiana-Kentucky Electric Corp., commenced legal actions against certain manufacturers of electrical equipment, asserting that they had been overcharged in the sale of electrical equipment. In November 1965 settlements were reached with two of the manufacturers for a total of \$17,748,000; settlement agreements have been reached with four other manufacturers for an aggregate of \$625,000, while action is pending against two others. Ohio Valley proposes to apply \$10,970,000 of the \$17,748,000 and may apply other recoveries to the partial retirement of its first mortgage and collateral trust bonds (due 1982), and its notes and subordinated notes. Ohio Valley has allocated \$9,403,000 of the \$10,970,000 to the redemption of bonds, the amount thus allocated having been determined on the basis of the 6-to-1 ratio in which its bonds and notes were originally issued; and the balance has been allocated to the prepayment of its notes and subordinated notes. It is further proposed to modify the mortgage so as: (1) to permit the proceeds of anti-trust claims to be applied to the redemption of bonds and other indebtedness, in the ratio of not less than six dollars principal amount of bonds to one dollar principal amount of other indebtedness; (2) to reduce the total amount of the remaining sinking fund installments required by the mortgage by an amount equal to the total amount of bonds which Ohio Valley redeems with such proceeds; and (3) to permit in all cases bondholder consent to modification of the mortgage in writing in lieu of a meeting.

**LIFE INSURORS ENJOINED.** The SEC Denver Regional Office announced June 16 (LR-3527) the entry of a Federal court order (USDC, WD Okla.) enjoining Life Insurers, Inc., and Rufus Willard Harris, both of Oklahoma City, Okla., from further violations of the registration and anti-fraud provisions of the Federal securities laws. The judgment also contained a provision ordering the defendants to carry out the terms of a stipulation which provided that the board of directors of Life Insurers would propose at a stockholders' meeting on June 23 that the corporation voluntarily dissolve and that shareholders who purchased preferred stock during the public offering would be paid \$20 per share, plus 8% interest. The directors individually will also offer to the common shareholders who purchased such stock during the public offering their purchase price of \$5 per share. The defendants consented to the injunction without admitting the allegations of the complaint.

OVER

**MOLCO, OTHERS ENJOINED.** The SEC San Francisco Regional Office announced June 17 (LR-3528) the entry of a Federal court order (USDC, Nev.) enjoining MOLCO, Inc., aka Nevada Oil Lease Co., Trans Western Land, Inc., Western Oil Lands, Inc., William M. Pennington and William V. Pennington, individually and as officers of such corporations, from further violations of the Securities Act registration and anti-fraud provisions in the sale of interests in oil and gas leases located in Eastern Nevada.

**CIMINO AND HYMAN PLEAD GUILTY.** The SEC New York Regional Office announced June 20 (LR-3529) that Fred Cimino, East Norwich, N. Y. and Albert Hyman, New York, pleaded guilty (USDC, SDNY) to violations of the Securities Act anti-fraud provisions in the sale of stock of Midland Capital Corp. and Electro-Temp Systems, Inc.

**SECURITIES ACT REGISTRATIONS.** Effective June 20: Systematic Plans, Inc., 2-24667. Effective June 21: Collins & Aikman Corp., 2-25061 (July 31); Intermountain Gas Co., 2-24998 (Aug 1); International Utilities Corp., 2-25064; The National Cash Register Co., 2-25093 (July 31). Effective June 22: The Okonite Co., 2-25027 (Sept 20).

**NOTE TO DEALERS.** The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

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