

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 November 13, 1956

Statistical Release No. 1415

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended November 9, 1956, for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1956, is as follows:

	<u>(1939 = 100)</u>		<u>Percent Change</u>	<u>1956</u>	
	<u>11/9/56</u>	<u>11/2/56</u>		<u>High</u>	<u>Low</u>
Composite	341.6	344.5	- 0.8	366.2	319.0
Manufacturing	435.9	440.8	- 1.1	468.6	398.6
Durable Goods	421.7	423.4	- 0.4	437.6	369.4
Non-Durable Goods	449.4	457.2	- 1.7	500.8	425.2
Transportation	312.9	317.3	- 1.4	353.0	303.2
Utility	153.7	153.0	+ 0.5	161.5	151.6
Trade, Finance & Service	300.1	300.6	- 0.2	325.5	290.7
Mining	340.3	344.2	- 1.1	383.2	326.8

Investment Company Act Release No. 2440

The Bond Investment Trust of America (Boston) has applied to the SEC for an order exempting from the provisions of the Investment Company Act of 1940 its proposed purchase of not to exceed \$100,000 principal amount of debentures of San Jacinto Petroleum Corporation at the public offering price of the debentures; and the Commission has issued an order giving interested persons until 12:00 Noon, November 21, 1956, to request a hearing on the application.

As previously noted (10/25/56), San Jacinto proposes the public sale of \$8,000,000 of Subordinated Convertible Debentures, 1956 Series, due November 1, 1971, through an underwriting group headed by White, Weld & Co. The offering price and underwriting terms are to be supplied by amendment. The underwriting syndicate includes The First Boston Corporation, a director of which company is also one of the trustees of Bond Investment Trust. Under the Investment Company Act, this inter-company affiliation precludes the purchase of debentures of San Jacinto by Bond Investment Trust during the existence of the underwriting or selling syndicate, unless an order of exemption is issued by the Commission. Bond Investment Trust proposes to acquire the San Jacinto debentures from underwriters other than First Boston, except to the extent that First Boston might be included if a purchase were made from White, Weld & Co., as representative for the account of the several underwriters.

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

Michigan Bell Telephone Company, Detroit, today filed a registration statement (File 2-12895) with the SEC seeking registration of \$30,000,000 of Thirty-five Year % Debentures to be offered for public sale at competitive bidding. Proceeds from the sale of the debentures will be applied toward the repayment of advances from American Telephone and Telegraph Company, which are expected to approximate \$32,300,000 at the time the proceeds are received.

The prospectus states that advances are obtained from AT&T in conformity with an established practice of the company, which it expects to continue, of borrowing from AT&T, as need therefor arises, for general corporate purposes, including extensions, additions and improvements to its telephone plant; that the company has been making large expenditures for new construction in order to meet the demands for telephone service and to further improve the service; and that it has therefore been necessary to obtain large amounts of new capital. At June 30, 1956, Common Stock, Funded Debt, and Advances amounted to \$358,000,000, \$75,000,000, and \$21,000,000, respectively, as compared with \$220,000,000, \$75,000,000, and \$11,700,000, respectively, at December 31, 1950. It is expected that it will be necessary for the company to continue to obtain large amounts of new capital through the sale of securities during the next few years.

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United States Freight Company, New York, filed a registration statement (File 2-12896) with the SEC on November 9, 1956, seeking registration of 150,000 shares of no par Capital Stock. The company proposes to offer the shares to certain key employees (including officers and directors) of the company and its subsidiaries. The subscription price is to be filed by amendment. No underwriting is involved. The shares were acquired for the purposes of this offering from Linden Securities Corporation on October 5, 1956 at \$28 per share. In connection with such acquisition, the company borrowed \$3,000,000 of which \$750,000 was repaid on November 9, 1956. The company proposes to pay the balance on or before December 27, 1956, without regard to the number of shares sold or amounts received in payment therefor. To the extent that the proceeds from the sale of shares are received before that date such proceeds will be used in connection with the repayment of that loan. It is contemplated that proceeds received thereafter, as to which the company has no specific plans, will be used for general corporate purposes.

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The National Cash Register Company, Dayton, O., filed a registration statement (File 2-12897) with the SEC on November 9, 1956, seeking registration of \$28,285,600 of Convertible Subordinated Debentures, due December 15, 1981, to be offered for subscription at 100% of principal amount by common stockholders of record December 4, 1956. The offering is to be underwritten by an underwriting group headed by Dillon, Read & Co. Inc.; and the underwriting terms are to be supplied by amendment.

Net proceeds from the debenture sale will be added to the general funds of the company available primarily for working capital purposes to finance the company's expanding volume of sales and the consequent increase in customers' accounts receivable, and to carry increased inventories principally of electronic data processing equipment and other new products.

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Libby, McNeill & Libby, Chicago, filed a registration statement (File 2-12898) with the SEC on November 9, 1956, seeking registration of \$10,468,500 of Convertible Sinking Fund Debentures, due December 15, 1976, and 610,664 shares of its \$7 par Common Stock. The debentures and common shares are to be offered for subscription by common stockholders at the rate of (a) \$100 of debentures for each 35 shares of common stock and (b) 1 additional share of common for each 6 shares held. The record date is to be supplied by amendment. The subscription prices and underwriting terms are to be supplied by amendment also. Gore, Forgan & Co. is the managing underwriter. Net proceeds of the sale of the debentures and common shares will provide additional working capital to help finance an increase in the company's business, and will currently be applied to the reduction of short-term bank loans.

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Thermoid Company, Trenton, N. J., filed a registration statement (File 2-12899) with the SEC on November 9, 1956, seeking registration of 2,000 Memberships in its Employees' Thrift Bonus Plan, together with 80,000 shares of its \$1 par Common Stock and 22,600 shares of its \$2.50 Cumulative Convertible Preferred Stock (\$50 par), which may be purchased pursuant to provisions of the Plan.

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Florida Power & Light Company (Miami) today filed a registration statement (File 2-12900) with the SEC seeking registration of \$15,000,000 of First Mortgage Bonds, Series due 1986, to be offered for public sale at competitive bidding. Net proceeds are to be used to provide additional electric and gas facilities and for other corporate purposes. The company estimates that its construction expenditures during 1956 will be \$43,500,000, of which \$29,983,000 was expended in the first nine months. It is estimated that the 1957-1958 construction program will approximate \$132,000,000.

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General Telephone Company of California (Santa Monica) today filed a registration statement (File 2-12901) with the SEC seeking registration of 500,000 shares of 5% Cumulative Preferred Stock (\$20 par), to be offered for public sale through underwriters on a best efforts basis. The names of the underwriters as well as the public offering price and underwriting terms are to be supplied by amendment. Net proceeds will become a part of treasury funds of the company and will be used for the acquisition of property, construction, completion, extension and/or improvements of its facilities and/or to discharge in whole or in part short term bank loans (used for said purposes) owing by the company. The company estimates that gross property additions and betterments for the last three months of 1956 and for the year 1957 will amount to \$16,700,000 and \$71,800,000, respectively.

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Securities Act Release No. 3717

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 Hidden Dome Exploration Co., Inc., Las Vegas, Nevada. The order provides an opportunity for hearing, upon request, on the question whether the suspension order should be vacated or made permanent.

Hidden Dome Exploration filed its Regulation A notification with the Commission on May 15, 1956. It proposed the public offering of 3,000,000 shares of Common Stock at 10¢ per share. In its suspension order, the Commission asserts that it has "reasonable cause to believe" that the terms and conditions of Regulation A have not been complied with, in that the company, (a) failed to state in its offering circular the full compensation to be received by its underwriter for the proposed sale of the shares; (b) failed to state in the offering circular the contemplated order of expenditures and amounts proposed for each purpose of the proceeds of the offering; and (c) extended dollar amounts in its financial statement for non-cash transactions involving the issue of stock for services, prohibited by the Regulation.

The order further asserted that the making or continuance of this offering "would act as a fraud or deceit upon prospective purchasers" of the Hidden Dome Exploration stock, in that the offering circular is false and misleading in respect of the following: (1) failure to disclose the identity of the sole proprietor of the underwriter, O. A. Waldinger, and the family relationship existing between him and Greta Waldinger, a promoter and the Assistant Treasurer and a Director of the issuer; (2) failure to disclose the change in name of the underwriter designated in the offering circular as National Securities Company to American Securities Company; (3) failure to disclose material facts with respect to the background and experience of Greta L. Waldinger in order to make the statements made in the offering circular regarding her experience in the mining industry not misleading; (4) cost to promoters of the company's oil leases and other assets; (5) date and unexpired life of the company's oil leases; (6) statements in the geologist's report in regard to oil possibilities; and (7) all of the items (a), (b) and (c) above listed with respect to the failure to furnish information required by Regulation A.

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Chairman J. Sinclair Armstrong of the Securities and Exchange Commission in a speech released for delivery tonight at the Pelham Men's Club, Pelham Memorial High School, Pelham, New York, said:

"In six 'boiler-room' broker-dealer firms, all located in New York City, some 9 million shares of highly speculative stock, mostly concentrated in four securities of which three were Canadian oils, were sold to approximately 24,000 people throughout the United States by telephone over periods ranging from one to eight months during 1956. These six houses received aggregate proceeds from such securities of over \$30,000,000 during the period, and realized gross profits of almost \$4,500,000. The aggregate telephone bills of these six houses during this period was in excess of \$425,000. The average record of such 'investments' indicates estimated losses as of October 26, 1956, of approximately 50% of the cost to the individual purchasers."

Chairman Armstrong released a ten-point guide adopted by the Commission urging the public to be cautious in purchasing securities as a result of telephone solicitation by persons of whom they had no prior knowledge and suggesting that the public consider these ten guides before purchasing securities".

The Commission's ten-point guide is as follows:

1. Think before buying.
2. Deal only with a securities firm which you know.
3. Be skeptical of securities offered on the telephone from any firm or salesman you do not know.
4. Guard against all high pressure sales.
5. Beware of promises of quick spectacular price rises.

6. Be sure you understand the risk of loss as well as the prospect of gain.

7. Get the facts -- do not buy on tips or rumors.

8. Request the person offering securities over the phone to mail you written information about the corporation, its operations, net profit, management, financial position and future prospects. Save all such information for future reference.

9. If you do not understand the written information, consult a person who does.

10. Give at least as much thought when purchasing securities as you would when acquiring any valuable property.