

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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SILICON TRANSISTOR PROPOSES STOCK OFFERING

Silicon Transistor Corporation, 150 Glen Cove Road, Carle Place, New York, filed a registration statement (File 2-14581) with the SEC on December 4, 1958, seeking registration of 200,000 shares of common stock, to be offered for public sale at \$3 per share. The company intends to offer the shares directly to the public, but some of the shares may be offered through broker-dealers, for which commissions of from 10% to 15% will be paid. No shares will be issued and no commissions paid unless and until a minimum of 100,000 shares is subscribed for. If at least 100,000 shares are sold, Arnold Malkan, a director, has agreed to purchase all the shares, if any, remaining unsold 45 days after the offering commences, at the offering price less 45¢ per share.

Organized on October 14, 1958, the company intends to engage in the manufacture and sale of silicon power transistors and silicon diodes. It has leased a building for factory and office space at the Glen Cove Road address, and is in the process of acquiring its equipment. Of the net proceeds of the stock sale, \$128,000 will be used to purchase automatic equipment for the manufacture of silicon diodes; \$55,000 to purchase additional transistor manufacturing and test equipment; \$60,000 to make available for raw material, semi-finished and finished inventory; and the balance for working capital.

The company has outstanding \$150,000 of 5½% subordinated notes and 300,000 common shares. Arnold Sandler of Whitestone, N. Y., is listed as president and treasurer. Of the 300,000 outstanding shares 100,000 were purchased by certain officers and key personnel at 20¢ per share, or an aggregate of \$20,000; and 200,000 shares were purchased by Arnold Malkan at 75¢ per share or an aggregate of \$150,000. Three of the individuals purchasing shares at this price also lent the company the sum of \$150,000, subordinated to all creditors, represented by the notes above mentioned. Malkan is listed as the owner of 183,200 common shares (61.1%) and \$138,750 of the notes.

NATURAL GAS SERVICE FILES FINANCING PROPOSAL

Natural Gas Service Company, 403 William St., Fredericksburg, Va., filed a registration statement (File 2-14582) with the SEC seeking registration of \$200,000 of 6% Subordinated Income Debentures due January 15, 1984, and 40,000 shares of Common Stock. These securities are to be offered for public sale in units, each consisting of \$20 of debentures and four common shares. The public offering price of the units and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co., Inc., is listed as the underwriter.

The company was organized in December 1956 for the purpose of operating as a gas utility. It proposes to purchase from the City of Fredericksburg the existing manufactured gas system presently owned and operated by the City, construct a pipe line to connect such system with the natural gas pipe line of Transcontinental Gas Pipe Line Corporation, convert the system to natural gas, extend the present distribution mains to additional built-up and growing areas within and adjacent to the City, and generally to conduct a natural gas distribution business in the City and environs.

This program is to be financed by the public offering (in units) of the debentures and common shares, and the subsequent sale to an institutional investor, concurrently with the acquisition
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of the City's gas system, of \$600,000 principal amount of First Mortgage Bonds, 5-3/4% Series due 1979. Pending the sale of the bonds, the company proposes temporarily to finance a portion of the program through the issuance of \$150,000 of 5% unsecured short term promissory notes, which are to be paid from the proceeds of the bond sale. Approximately \$215,000 will be expended in purchasing the City's gas properties and some \$795,000 for the construction program.

Organizers of the company are Messrs. Ray C. Burrus, director, Harry A. Poth, Jr., director, R. A. Ransom, vice president, treasurer and director, and Harry W. Witt. They and the company's president, Colburn R. Graves, own all of the presently outstanding 4,675 common shares, for which the company received \$32,725 in cash or services.

SCOTT PAPER FILES EMPLOYEES STOCK PLAN

Scott Paper Company, Front and Market Streets, Chester, Pa., filed a registration statement (File 2-14583) with the SEC seeking registration of 10,000 Memberships in the Scott Paper Company Employees' Stock Purchase Plan for 1959, together with 46,641 shares of Scott Paper common stock which may be purchased and distributed under said plan.

FRAUD INDICTMENT ANNOUNCED IN SALE OF INGLIS STOCK

The SEC New York Regional Office announced on December 4, 1958, that an indictment had been returned (USDC, SDNY) charging Charles M. Berman, Cornelis deVroedt, Inc., Cornelis deVroedt and 22 other individuals with violating the anti-fraud provisions of the Securities Act of 1933, and one additional individual with conspiracy. (Litigation Release 1368).

MISSOURI EDISON PROPOSES BORROWINGS

Missouri Edison Company, Louisiana, Mo., has applied to the SEC for an order authorizing \$600,000 of bank borrowings; and the Commission has issued an order (Release 35-13875) giving interested persons until December 19, 1958, to request a hearing thereon. The company will use the funds together with treasury cash to repay a \$100,000 promissory note when it matures March 27, 1959, and to finance its construction program.

TAX ALLOCATION IN SOUTHERN SYSTEM APPROVED

The SEC has issued an order (Release 35-13876) authorizing The Southern Company, Wilmington, Delaware, holding company, and its seven subsidiaries to enter into an agreement for the allocation of the group's 1957 consolidated Federal income tax liability on a basis different from that permitted under the exemptive provisions of the Commission's Rule 45(b)(6) under the Holding Company Act. The allocation provides for apportioning the liability for the tax (25%) on consolidated net long-term capital gains in accordance with the proportion of the consolidated net long-term capital gain attributable to each member of the group having a net long-term capital gain; and apportions the liability for the normal tax and surtax (52%) on ordinary income in accordance with the proportion of the consolidated ordinary taxable income attributable to each member of the group having ordinary taxable income. In no event, however, is the aggregate tax liability allocated to each subsidiary to exceed the amount of tax liability of such company based upon a separate return and computed as if such company had also filed its tax returns on a separate return basis.

LOGAN & CO. HEARING POSTPONED

The hearing in the proceedings under the Securities Exchange Act of 1934 pending in respect of J. Logan & Co., 721 East Union St., Pasadena, California, has been postponed from December 9, 1958, to February 2, 1959, on request of counsel for the company and counsel for the Commission (See Release 34-5725 for details).

NEWMAN HEARING SCHEDULED

The SEC has scheduled for hearing on December 16, 1958, in its New York Regional Office, the proceedings under the Securities Exchange Act of 1934 pending in respect of William Newman, doing business as Wm. Newman Company, 52 Broadway, New York, N. Y. (See Release 34-5796 for details).