

# 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.

February 4, 1957

FOR RELEASE \_\_\_\_\_

## Statistical Release No. 1434

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended February 1, 1957, for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1956 and 1957, is as follows:

	<u>(1939 = 100)</u>		<u>Percent Change</u>	<u>1956 - 1957</u>	
	<u>2/1/57</u>	<u>1/25/57</u>		<u>High</u>	<u>Low</u>
Composite	330.0	332.3	- 0.7	366.2	319.0
Manufacturing	416.4	420.5	- 1.0	468.6	398.6
Durable Goods	391.6	396.0	- 1.1	437.6	369.4
Non-Durable Goods	439.3	443.3	- 0.9	500.8	425.2
Transportation	300.1*	302.7	- 0.9	353.0	300.1
Utility	158.1	156.8	+ 0.8	161.5	151.6
Trade, Finance & Service	281.0	280.2	+ 0.3	325.5	279.7
Mining	353.8	365.5	- 3.2	383.2	326.8

\*New Low

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Swift & Company, Chicago, filed a registration statement (File 2-13061) with the SEC on February 1, 1957, seeking registration of 17,935 shares of its \$25 par Common Stock, to be issued upon exercise of options issued under the company's Stock Option Plan for officers and other key employees of the company and its wholly owned subsidiaries.

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Consolidated Edison Company of New York, Inc., New York, filed a registration statement (File 2-13062) with the SEC on February 1, 1957, seeking registration of \$55,087,300 of Convertible Debentures, due 1972. The company proposes to offer the debentures for subscription by its common stockholders of record February 25, 1957, in the ratio of \$100 of debentures for each 25 shares then held. The subscription price is to be 100% of principal amount. Underwriting terms are to be supplied by amendment. Morgan Stanley & Co. and The First Boston Corporation are named as the principal underwriters.

(Over)

Net proceeds of the debenture sale will be applied (1) to the payment of some \$43,000,000 of short term bank notes issued in connection with the interim financing of the company's construction program and (2) the balance toward payment for additions to utility plant on or after December 1, 1956. The construction program of the company and its subsidiary is expected to involve expenditures for the years 1957 through 1961 of approximately \$650,000,000, as against \$522,200,000 for the five-year period ended December 31, 1956.

Securities Act Release No. 3746

The Securities and Exchange Commission has issued orders temporarily denying and suspending, respectively, the Regulation A exemption from registration under the Securities Act of 1933 with respect to proposed public offerings of securities by the following:

DanCu Chemical Co., Oklahoma City, Oklahoma

In its Regulation A notification, filed August 7, 1956, DanCu Chemical proposed the public offering of 18,000 shares of Class "B" Common Voting Stock at \$10 per share, 9,000 shares of 6% Cumulative Convertible Class "B" Preferred Stock at \$10 per share, and an additional 9,000 Class "B" common shares reserved for issuance upon conversion of the preferred

Urainbow, Inc., Salt Lake City, Utah

In its Regulation A notification, filed August 31, 1954, Urainbow proposed the public offering of 2,000,000 common shares at 15¢ per share

In its order concerning DanCu Chemical, the Commission asserts that, by reason of a provision of Regulation A, which provides a conditional exemption from registration with respect to offerings of securities not exceeding \$300,000 in amount, an exemption from registration is not available to the proposed offering of securities by that company by reason of the fact that, on December 20, 1956, the Commission issued an order temporarily suspending a Regulation A exemption from registration with respect to a prior offering by DanCu Chemical.

The suspension order with respect to Urainbow asserts that the terms and conditions of Regulation A have not been complied with by that company in that (A) it failed to file a report of stock sales (and use of proceeds) within the prescribed period and (B) the notification and offering circular contain untrue statements of material facts and omit to state material facts required to be stated. More particularly, it is asserted (1) that the address appearing on the issuer's offering circular is no longer accurate; (2) that N. J. Nielson, listed as a director, is deceased and has been replaced by Barney Amundson; (3) that the offering circular fails to indicate that the underwriting agreement with Austin B. Smith Brokerage Co. was terminated in December, 1954; (4) that, whereas the notification states that 3,971,125 shares of unregistered common stock were sold within one year prior to the filing to persons who agreed to take the stock for investment and not for purposes of redistribution, Val S. Scoville, Secretary-Treasurer, and N. J. Nielson distributed a large portion of their stock shortly after acquisition; (5) that the offering circular discloses that the issuer has a lease on 14 unpatented lode mining claims in Mohave County, Arizona, entitled the "Hack Canyon Property," whereas the lease has been terminated by the lessors and the issuer no longer has such property; and (6) the offering circular fails to disclose that the issuer was in litigation over the validity of the lease for many months. Use of the offering circular without disclosure of these facts, the order states, "would and did operate as a fraud and deceit upon the purchasers of such securities."

Securities Act Release No. 3747(a) Automatic Garage Corporation of New York

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 Automatic Garage Corporation of New York, Kew Gardens, New York. The order provides an opportunity for hearing, upon request, on the question whether the suspension order should be vacated or made permanent.

Automatic Garage filed its Regulation A notification with the Commission on May 2, 1955, proposing the public offering of 300,000 shares of common stock at \$1 per share. In its suspension order, the Commission asserts that it has reasonable cause to believe (1) that the terms and conditions of Regulation A have not been complied with, in that the securities were offered in jurisdictions not named in the notification and the issuer failed to file the required reports of stock sales and use of proceeds, and (2) that the company's offering circular dated June 1, 1955, is false and misleading and that the stock offering by the issuer "would and did operate as a fraud and deceit upon the purchasers." More particularly, according to the order, (a) the offering circular contains a statement to the effect that Automatic Garage held the exclusive franchise for the Greater New York City area to employ and use the PARK-O-MAT automatic car positioner, as well as the right to re-enfranchise other users of the device in that area, whereas Automatic Garage has never had such right, title, or interest in said positioner or inventions; and (b) it contains a further statement to the effect that James T. DeWitt conveyed the franchise to Automatic Garage whereas no such franchise was conveyed. In addition, according to the order, Automatic Garage Corporation of New York was permanently enjoined on September 5, 1956, by the Supreme Court of the State of New York from offering and/or selling its securities in the State of New York.

According to the offering circular, the company's principal business was the construction and operation of automatic parking garages in the Greater New York City area, "such garages to employ and use the PARK-O-MAT automatic car positioner for which the corporation holds an exclusive franchise for the New York City area." The offering circular further states that the franchise was granted to the company by DeWitt, its president, of Washington, D. C., in consideration for the issuance by the company of 300,000 shares of its capital stock.

(b) Idea, Inc.

The Commission also announced that, at the request of Idea, Inc., of Silver Springs, Nevada, it has scheduled a hearing for February 25, 1957, in its San Francisco Regional Office, for the purpose of determining whether to vacate or make permanent an earlier order of the Commission temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Idea, Inc.

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Idea, Inc., filed a notification with the Commission on September 30, 1955, proposing the public offering of 200,000 shares of Class A Stock at \$1 per share pursuant to a Regulation A exemption from registration. In an order issued by the Commission under date of December 20, 1956 (Release No. 3733), the Commission temporarily suspended the said Regulation A exemption. In its suspension order, the Commission asserted that the continued offering of the Class A shares "would act as a fraud or deceit upon prospective purchasers," in that the offering circular contains false and misleading statements with respect to the giving of unregistered and unexempted shares of Class B stock to certain purchasers of Class A stock in order to induce the purchase of the Class A stock, and that the terms and conditions of Regulation A were not complied with by virtue of the company's failure to file the required semi-annual reports reflecting its sale of stock and the use of proceeds thereof.

At the February 25th hearing, inquiry will be conducted into the foregoing matters for the purpose of determining whether the suspension order should be vacated or made permanent.

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Hubshman Factors Corporation, New York City, filed a registration statement (File 2-13063) with the SEC on February 1, 1957, seeking registration of 200,000 outstanding shares of Class A stock, \$1 par. These shares are owned by Henry M. Hubshman, and the company will receive no part of the proceeds of their sale by him. Mr. Hubshman proposes to offer the shares for public sale through an underwriting group headed by H. M. Byllesby and Company, Inc. The public offering price and underwriting terms are to be supplied by amendment. Mr. Hubshman, president of the company, presently owns all of the outstanding 275,000 shares of outstanding Class A stock. He also is listed as the owner of 325,818 shares (62.06%) of the outstanding Class B stock. In connection with this proposed sale of the Class A shares, Mr. Hubshman and other holders of the Class B stock, as individuals, will pay a finder's fee to Alfred R. Bachrach & Co., of New York, of 3,500 shares of Class B stock, which will reduce Mr. Hubshman's holdings of Class B shares to 323,646 shares. The Class A shares are being sold by Mr. Hubshman "to diversify his assets, to place his holdings in a more liquid position and to create a public market for the company's stock."

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South Carolina Electric & Gas Company, Columbia, South Carolina, today filed a registration statement (File 2-13064) with the SEC seeking registration of 336,095 shares of its \$4.50 par Common Stock. The company proposes to offer these shares for subscription by holders of its common stock of record February 25, 1957, at the rate of one additional share for each ten shares then held. The subscription price and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co. is named as the principal underwriter. Net proceeds of the stock sale will be added to the general funds of the company and used to finance, in part, its 1957 construction program. Construction expenditures by the company and its subsidiaries for the years 1957-59, inclusive, are estimated at \$75,500,000.

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Southern Counties Gas Company of California (Los Angeles) today filed a registration statement (File 2-13065) with the SEC seeking registration of \$15,000,000 of First Mortgage Bonds, Series B, due 1982, to be offered for public sale at competitive bidding. Net proceeds of the financing will be used, to the extent required, to repay in full the company's short term indebtedness to its parent, Pacific Lighting Corporation, which is expected to approximate \$9,200,000 as of March 1, 1957. This indebtedness represents advances by the parent to provide temporary funds for construction costs. The balance of the net proceeds will be used to finance in part the costs incurred, or to be incurred, in connection with the company's 1957 construction and expansion program. Expenditures under this program are estimated at \$24,406,000 for 1957.

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Paradox Production Corporation, Salt Lake City, Utah, today filed a registration statement (File 2-13066) with the SEC seeking registration of 1,000,000 shares of its \$1 par Common Stock, to be offered for public sale at \$1.25 per share. The offering is to be made on a "best efforts" basis by Market Securities, Inc., for which a selling commission of 25¢ per share is to be paid. The underwriter has been granted a \$25,000 expense allowance, and may receive all or part of additional consideration, as follows: (a) from promoters, 300,000 common shares, at the rate of three shares for each ten shares sold; (b) from the issuer, a 27-month option to purchase, at \$1.25 per share, 250,000 common shares, exercisable on the basis of one share for each four shares sold.

Organized under Nevada law on October 26, 1956, the company is authorized to engage in any lawful purpose, object or activity but proposes only to acquire, explore and, if warranted, to develop oil and gas properties. It proposes to explore and, if warranted, to develop for oil and gas certain properties located in Wayne, Garfield, Emery and Carbon Counties, Utah. Net proceeds of the stock sale are to be used as follows: \$50,000 reserved for possible payment in cash of promissory notes issued to promoters; \$120,000 for drilling test wells on its Nequoia Arch and Dirty Devil prospects; \$5,000 for geological reconnaissance of Kyle-Schwabacher properties; and \$669,742.79 being unallocated except to general corporate purposes.

The prospectus lists the following as Directors: O. L. Carson, President, of Salt Lake City; James W. Hall, of Houston, Vice President; E. William Coombs, Jr., of Salt Lake City, Secretary-Treasurer; J. Bracken Lee, Salt Lake City; Robert L. Gordon, of Las Vegas; and R. C. Appling, of Vancouver, B. C. They are included in a list of 24 promoters. The corporation has issued securities to the promoters, as follows: (a) 750,000 common shares; (b) options to purchase, at \$1.25 per share, 250,000 common shares, such options being exercisable at any time for 27 months after effectiveness of the registration statement; and (c) non-interest bearing notes of the corporation, totalling \$50,000, payable 9 months after said effective date and, at the option of the holder, in either cash or common stock at the rate of one share for each \$1 face value of notes. The registration covers the additional 50,000 shares which may be issued in payment of the \$50,000 of notes; the 250,000 shares under options granted to the promoters; the 250,000 shares under

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option to the underwriter, and 300,000 shares which may be acquired by the underwriter from promoters; and 10,000 shares subject to an option granted in exchange for properties. Assuming sale of all the shares and exercise of all the options, 2,305,000 common shares will be outstanding. Of such outstanding stock, the public investors will have acquired 1,000,000 shares, or approximately 43.4% of the total, in exchange for \$1,250,000 in cash; the underwriter will have acquired 550,000 shares, or approximately 23.8%, as additional consideration over and above the cash underwriting commission and upon payment of the option exercise price of \$312,500; the promoters will have acquired 750,000 shares, or approximately 32.5%, in exchange for \$50,000 in cash advanced as a loan, payment of an option exercise price of \$312,500 and transfer to the company of properties the value of which is speculative and in which they have no substantial cash investment.

Investment Company Act Release No. 2480

Tri-Continental Corporation, Tri-Continental Financial Corporation, Broad Street Investing Corporation, and Whitehall Fund, Inc., have joined in the filing of an application with the SEC under the Investment Company Act for an exemption order with respect to their proposed purchase of an aggregate of not exceeding \$4,900,000 of Convertible Subordinated Debentures, due 1987, of Phillips Petroleum Company; and the Commission has issued an order giving interested persons until February 13, 1957, to request a hearing thereon.

Phillips has proposed the public offering of \$171,750,000 of debentures (see News Digest of January 16, 1957). The debentures are to be offered for subscription by holders of its common stock of record February 7, 1957, at the rate of \$100 of debentures for each 26 shares held. Among the principal underwriters is Clark, Dodge & Co. David McAlpin, a limited partner in this firm, is a director of each of the four investment companies. After the pending registration statement becomes effective and the price and other terms of the offer have been made public, the four investment companies may determine to acquire debentures, in the respective amounts of \$2,000,000, \$2,000,000, \$750,000, and \$150,000. In addition, Tri-Continental, which owns 52,000 shares of Phillips common, and Broad Street, which owns 12,000 shares, may determine to exercise their rights to purchase debentures which will be issued to them as stockholders. In view of the inter-company affiliations, such purchases by the investment companies are prohibited unless an exemption order is issued by the Commission.

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