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 July 29, 1957

Statistical Release No. 1470

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended July 26, 1957, for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1957, is as follows:

	(1939 = 100)			1957	
	7/26/57	7/19/57	Percent Change	High	Low
Composite	359.5	360.9	- 0.4	365.0	322.5
Manufacturing	465.2	466.9	- 0.4	472.5	405.7
Durable Goods	431.4	433.2	- 0.4	438.7	382.7
Non-Durable Goods	496.4	498.0	- 0.3	503.5	427.1
Transportation	302.9	303.6	- 0.2	317.5	286.1
Utility	156.9	157.5	- 0.4	163.5	156.2
Trade, Finance & Service	290.5	292.1	- 0.5	292.1	274.8
Mining	375.3	381.6	- 1.7	402.3	340.5

Holding Company Act Release No. 13521

Pennsylvania Power Company, New Castle, has applied to the SEC for authorization to make bank borrowings during the remainder of 1957 in the amount of $2,500,000; and the Commission has issued an order giving interested persons until August 12, 1957, to request a hearing thereon.

Pennsylvania Gas has established a line of credit with nine banks in the amount of $4,500,000, of which $2,000,000, already borrowed, is exempted from the Holding Company Act. It seeks Commission approval of the additional $2,500,000 of borrowings. Proceeds will be used to pay part of the cost of the company's 1957 construction program which, it is presently estimated, will amount to $13,000,000. As part of the financing required for such program and its continuation in 1958, the company proposes to issue and sell during October 1957 an additional $8,000,000 of bonds, to be the subject of a later filing with the Commission.

* * * *

Carolina Natural Gas Corporation, Hickory, N. Car., filed a registration statement (File 2-13500) with the SEC on July 26, 1957, seeking registration of $1,600,000 of First Mortgage 6% Bonds, 1957 Series, due August 1, 1982, $800,000 of 6% Sinking Fund Subordinated Debentures, due August 1, 1977, and 112,000 shares of its $1 par Common Stock. The company proposes to offer these securities for public sale in units, each unit to consist of $100 of bonds, $50 of debentures, and 7 common shares. The public offering price and underwriting terms of the units are to be supplied by amendment. Cruttenden, Podesta & Co. and Odess, Martin & Herzberg, Inc., are listed as the principal underwriters.

The company's principal business has been the distribution, through a wholly-owned subsidiary, Piedmont Gas Company, a North Carolina company, of propane-air gas in six towns in North Carolina. Piedmont is about to be merged with Carolina Natural. The net proceeds of this financing will be applied to the construction of a natural gas transmission line in North Carolina, the reconstruction of the presently owned gas distribution systems and the construction of new gas distribution systems, which, together with extensions of and additions to the present system, is estimated to cost $3,059,000.

* * * *

Mutual Distributors, Inc., of Kansas City, Missouri, filed an amendment on July 26, 1957 to its registration statement (File 2-11830) seeking registration of an additional $2,000,000 of Periodic Purchase Plans for Accumulation of Shares of Beneficial Interest of Mutual Trust.

Securities Act Release No. 3816

The Securities and Exchange Commission today announced the issuance of a "stop order" suspending the effectiveness of a registration statement filed by Republic Cement Corporation, of Prescott, Arizona, which proposed the public offering of 1,050,000 common shares at $10 per share to finance the construction of a cement manufacturing plant near Drake, Yavapai County, Arizona.

In its stop order decision, the Commission ruled that Republic's registration statement and prospectus make materially false and misleading representations in respect of and failed to disclose required facts concerning, among other things, the possible market for Republic's products, the cost of construction of a plant, the amount and quality of available raw materials, and transactions with promoters.

For example, the Commission stated that the registration statement should have disclosed that Republic did not have the benefit of a market survey or analysis and should have set forth facts which would enable investors to appreciate the nature and magnitude of the marketing problem which it faces. In this connection the Commission called attention to the facts that actual consumption of gray cement in Republic's proposed marketing area has been less than the proposed production capacity of Republic and its competitors, that its nearest competitor had not been operating at full capacity and that Republic's contemplated white cement production of 250,000 barrels a year would represent about 25% of the annual consumption for the entire United States, on the basis of the most recent figures published by the Bureau of Mines.

The Commission's decision also discussed the $6,586,000 cost estimate (plus $395,000 contractor's fee) for Republic's proposed new cement plant near Drake. This estimate amounted to about $6.56 per "annual barrel" of capacity, as contrasted with a range of from $8 to $10 for other cement companies. The Commission stated

(Continued)

that while some of this difference might be justified other items of the alleged construction savings are doubful. The Commission pointed out, for example, that Republic contemplates the initial erection of only four storage silos as against 50 for certain companies and a minimum of 20 thought necessary for a plant of the size contemplated.

After reviewing the exploration and analysis of Republic's properties, located near Drake and in San Bernardino, California, which had been acquired from Burney C. Prigge, president and principal promoter, the Commission observed: "There was no systematic core drilling and the sampling was insufficient to test the continuity, depth and quality of the material. Clearly there was an insufficient basis for the representations and extremely high estimates of the raw material reserves that were made in the registration statement."

As to dividend and liquidation rights, the Commission noted that there was a failure to state whether each of the 706,680 outstanding shares, only 10,110 of which were issued for cash, will have the same rights to dividends as each share to be sold to the public for $10.00.

Furthermore, according to the decision, the description of the underwriting contract with Vickers Brothers, of New York and Houston, was false and misleading. There was a failure to disclose that Republic issued 33,170 shares to James S. Vickers in addition to a commission of 14% plus 4% for expenses as consideration for entering into the agreement to offer the stock on a best efforts basis. Issuance of this stock was listed in the registration statement as a "finder's fee."

---oooOooo---

To Wall St Journal
7/29/57

For Fiscal 1957, the Securities and Exchange Commission had an appropriation of $5,749,000, which provided for 826 positions. In recognition of the tremendous workload on hand and actually contemplated for 1958, the Commission sought an appropriation for Fiscal 1958 of $7,178,000, which would have provided for an additional 159 positions, or a total of 985.

The Commission's request was supported by the President in the full amount. Congress, however, authorized an appropriation for Fiscal 1958 of $6,700,000, which includes a new charge of $345,000 as the Commission's contribution to the Civil Service Retirement Fund. The appropriated sum will permit an increase of 60 positions over Fiscal 1957, which is substantially less than called for by the law enforcement program originally contemplated by the Commission.

The $6,700,000 limitation resulted in a reappraisal of that program, which each Division and Office Head (including Regional Administrators) considered his minimum requirements, based upon the tremendous workload on hand and actually contemplated for 1958. Their revised estimates still called for an expenditure for personal services (which constitutes about 90% of the Commission's entire budget) of some $500,000 in excess of the funds available therefor. A further, critical reevaluation of the program by the Commission was necessary in order not to obligate more than the available funds.

For the most part, the Commission has no control over its workload. For example, the volume of securities registered with the Commission increased from about $6.5 billion in Fiscal 1951 to $14.7 in Fiscal 1957. The actual number of registration filings increased from 544 in 1951 to 943 in 1957. This, plus a corresponding increase in activity in the securities markets, imposed an increasingly heavy burden on the Staff of the Commission by reason of the stepped-up enforcement program which was necessary to cope with the problems generated.

by this activity. Conversely, the Commission's average employment was decreased from slightly 1,030 in Fiscal 1951 to 699 in Fiscal 1955. Only in the past two years has there been a reversal in the trend of reduced budgets which would permit an increase in the Commission's Staff to offset, in part, its greatly increased workload. When the Commission's full complement of 886 is reached under the appropriation for Fiscal 1958, there will still be a serious unbalance in the Commission's workload and the Staff available therefor.

The Commission's operations, designed for protection of the investing public, have a vital effect upon an important area of the nation's economy, that of the capital formation process which has helped finance record expenditures for new plant and equipment during the past several years. Investor confidence in the integrity of the securities markets, of which the capital formation process is a part, has been and will continue to be an important element in the growth of our economy. The Commission cannot relax its vigilance if that confidence is to be maintained.

Since the Commission already has reduced its law-enforcement program for Fiscal 1958 below that which was considered in the best interest of the investing public, it forsees no possibility of any reduction in manpower under the 886 figure mentioned which would produce "savings" under its current budget. The other areas of expenditures, such as travel costs incident to the large-scale field investigations (the largest single expenditure next to personal services), are a necessary incident to the services performed by the Staff; and there is little likelihood that they can be curtailed in any appreciable amount.

It is to be noted that statutory fees and other revenue collected by the Commission and paid into the U. S. Treasury amount to approximately 35% of its 1958 appropriation.

To Wall St Journal
July 29, 1957

For Fiscal 1957, the Securities and Exchange Commission had an appropriation of $5,749,000, which provided for 826 positions. In recognition of the tremendous workload on hand and actually contemplated for 1958, the Commission sought an appropriation for Fiscal 1958 of $7,178,000, which would have provided for an additional 159 positions, or a total of 985.

The Commission's request was supported by the President in the full amount. Congress, however, authorized an appropriation for Fiscal 1958 of $6,700,000, which includes a new charge of $345,000 as the Commission's contribution to the Civil Service Retirement Fund. The appropriated sum will permit an increase of 60 positions over Fiscal 1957, which is substantially less than called for by the law enforcement program originally contemplated by the Commission.

The $6,700,000 limitation resulted in a reappraisal of that program, which each Division and Office Head (including Regional Administrators) considered his minimum requirements, based upon the tremendous workload on hand and actually contemplated for 1958. Their revised estimates still called for an expenditure for personal services (which constitutes about 90% of the Commission's entire budget) of some $500,000 in excess of the funds available therefor. A further, critical reevaluation of the program by the Commission was necessary in order not to obligate more than the available funds.

For the most part, the Commission has no control over its workload. For example, the volume of securities registered with the Commission increased from about $6.5 billion in Fiscal 1951 to $14.7 in Fiscal 1957. The actual number of registration filings increased from 544 in 1951 to 943 in 1957. This, plus a corresponding increase in activity in the securities markets, imposed an increasingly heavy burden on the Staff of the Commission by reason of the stepped-up enforcement program which was necessary to cope with the problems generated.

by this activity. Conversely, the Commission's average employment was decreased from slightly 1,030 in Fiscal 1951 to 699 in Fiscal 1955. Only in the past two years has there been a reversal in the trend of reduced budgets which would permit an increase in the Commission's Staff to offset, in part, its greatly increased workload. When the Commission's full complement of 886 is reached under the appropriation for Fiscal 1958, there will still be a serious unbalance in the Commission's workload and the Staff available therefor.

The Commission's operations, designed for protection of the investing public, have a vital effect upon an important area of the nation's economy, that of the capital formation process which has helped finance record expenditures for new plant and equipment during the past several years. Investor confidence in the integrity of the securities markets, of which the capital formation process is a part, has been and will continue to be an important element in the growth of our economy. The Commission cannot relax its vigilance if that confidence is to be maintained.

Since the Commission already has reduced its law-enforcement program for Fiscal 1958 below that which was considered in the best interest of the investing public, it forsees no possibility of any reduction in manpower under the 886 figure mentioned which would produce "savings" under its current budget. The other areas of expenditures, such as travel costs incident to the large-scale field investigations (the largest single expenditure next to personal services), are a necessary incident to the services performed by the Staff; and there is little likelihood that they can be curtailed in any appreciable amount.

It is to be noted that statutory fees and other revenue collected by the Commission and paid into the U. S. Treasury amount to approximately 35% of its 1958 appropriation.