

# 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 February 1, 1957

## Securities Exchange Act Release No. 5446

The Securities and Exchange Commission today announced the issuance of two orders under Section 19(a)(4) of the Securities Exchange Act of 1934 summarily suspending trading in the capital stocks of Great Sweet Grass Oils Limited and of Kroy Oils Limited, respectively, on the American Stock Exchange, for a period of ten days from February 3, 1957 to February 12, 1957, inclusive; and it declared that such action is necessary and appropriate for the protection of investors and to prevent fraudulent, deceptive or manipulative acts or practices.

The summary suspension orders heretofore entered on January 23, 1957 against trading in the two stocks expire at the close of business February 2, 1957. The result of the new orders is that it will continue to be unlawful under Section 15(c)(2) of the Securities Exchange Act of 1934 and the Commission's Rule X-15C2-2 thereunder for any broker or dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, such securities otherwise than on a national securities exchange.

The Commission's action was taken because the questions raised in the Commission's orders and notices of hearings under Section 19(a)(2) of the Act as to alleged false statements in reports filed by both companies with the Commission have not been resolved. The Commission ordered the hearings in the two cases consolidated in order to expedite a final determination, and the consolidated hearing is still in progress.

Under these conditions, the Commission is of the opinion that it would be impossible for the investing public to reach an informed judgment at this time as to the value of the companies' securities, or for trading in such securities to be conducted in an orderly and equitable manner.

In light of the foregoing and other factors, the Commission is of the opinion that the public interest requires the summary suspension of trading in such securities on the American Stock Exchange and that such action is necessary and appropriate for the protection of investors and is necessary in order to prevent fraudulent, deceptive or manipulative acts or practices under the Act.

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Northern Illinois Gas Company (Aurora) filed a registration statement (File 2-13055) with the SEC on January 31, 1957, seeking registration of 1,000,000 shares of its \$5 par Common Stock. These shares constitute the maximum number of shares

of such stock issuable on conversion, after January 31, 1957, of 100,000 previously issued shares of the company's 5% Convertible Preferred Stock, \$100 par. The shares are being registered and the prospectus will be issued by the company for use in connection with sales on the Midwest Stock Exchange or in the over-the-counter market of shares of common stock acquired by preferred stockholders on such conversion. In the event that any underwritten "secondary" offerings of such shares are hereafter made, the company will undertake to file the appropriate amendment to the prospectus. The company is not making any offering of any securities by this prospectus and will not receive any part of the proceeds realized upon the sale of any of these common shares.

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Inter-County Telephone & Telegraph Company, Fort Myers, Fla., filed a registration statement (File 2-13056) with the SEC on January 31, 1957, seeking registration of 25,000 shares of its \$12.50 par Common Stock, to be offered for public sale through a group of underwriters headed by Central Republic Company, Inc. The public offering price and underwriting terms are to be supplied by amendment.

A portion of the proceeds (the amount to be supplied by amendment) are to be applied in reduction of accounts payable incurred in connection with the company's continuing construction program; and the balance will be applied to the payment of a portion of the company's 1956 taxes due in 1957. Construction expenditures for the year 1956 totalled \$3,182,416 and it is estimated that \$1,500,000 will be expended in 1957.

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The Voting Trustees for the Common Non-Assessable Stock of West Star Mining Corporation, Coeur d'Alene, Idaho, filed a registration statement (File 2-13057) with the SEC on January 31, 1957, seeking registration of Voting Trust Certificates for 2,500,000 shares of the common stock. The voting trustees are J. Fred Markwell and Alexander Markwell. The purpose of the voting trust agreement is to enable the present management of West Star Mining to pursue a definite and continued policy for some years in an endeavor to develop the company's property into a commercially producing mine.

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The Elyria Telephone Company, Elyria, Ohio, today filed a registration statement (File 2-13059) with the SEC seeking registration of 15,000 shares of Cumulative Preferred Stock, Convertible Series (\$50 par), to be offered for public sale through an underwriting group headed by Kidder, Peabody & Co. Inc. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

According to the prospectus, the company has an agreement with an institutional investor under which it proposes to issue and the investor proposes to purchase at 100% of principal amount \$1,250,000 of First Mortgage 4-3/4% Bonds, Series B, due 1987. It is expected that these bonds will be issued shortly after the sale of the new preferred. Net proceeds to be received from the sale of the new preferred and of the bonds will be used to repay short term bank loans (incurred for construction purposes) which are outstanding in the amount of \$1,750,000. The balance will be

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added to the company's funds available for its general corporate purposes and intended for use in connection with its construction program. The company's construction budget for the period for the 15 months ending March 31, 1953, amounts to \$1,307,000.

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United Gas Corporation, Shreveport, La., filed a registration statement (File 2-13059) with the SEC on February 1, 1957, seeking registration of \$35,000,000 of First Mortgage and Collateral Trust Bonds, due 1977, to be offered for public sale at competitive bidding.

Of the net proceeds of the financing, \$30,000,000 will be applied to purchase of \$30,000,000 of First Mortgage Bonds of United Gas' subsidiary, United Gas Pipe Line Company (which will be pledged under the parent's mortgage securing its outstanding bonds). Pipe Line will thereupon redeem \$25,000,000 of its outstanding debentures held by the parent. The balance of the net proceeds, with moneys received from Pipe Line upon the redemption of said debentures, will be added to the general funds of United Gas and will be used, as will the moneys received by Pipe Line in excess of the amount applied to the redemption of its debentures, to finance expenditures for the 1957 construction program of the two companies and, in the case of United Gas, to purchase during 1957 additional securities of Union Producing Company, another subsidiary, to finance in part that company's development program, additional securities of Escambia Chemical Corporation at an estimated cost of \$5,000,000 and additional capital stock of Duval Sulphur & Potash Company, and for other corporate purposes.

Construction expenditures by United Gas are estimated at \$7,089,000 for 1957. Expenditures by Pipe Line for 1957 are estimated at approximately \$22,562,000, and by Union Producing in the amount of \$23,119,000.

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Southern Indiana Gas and Electric Company, Evansville, Ind., today filed a registration statement (File 2-13060) with the SEC seeking registration of \$5,000,000 of First Mortgage Bonds, Series due 1987, to be offered for public sale at competitive bidding. Net proceeds of the sale of the bonds will be used to provide for the payment of \$3,600,000 of long term bank loans and \$500,000 of short bank loans and to provide a portion of the funds required for property additions and improvements or to reimburse the company's treasury in part for expenditures made for such purpose. Capital expenditures for property additions during 1957 are expected to amount to \$4,855,000.

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