

# 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

May 20, 1957

Statistical Release No. 1454

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended May 17, 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:

	<u>(1939 - 100)</u>		<u>Percent Change</u>	<u>1957</u>	
	<u>5/17/57</u>	<u>5/10/57</u>		<u>High</u>	<u>Low</u>
Composite	353.9*	349.7	+ 1.2	353.9	322.5
Manufacturing	452.9*	446.6	+ 1.4	452.9	405.7
Durable Goods	422.9*	417.7	+ 1.2	422.9	382.7
Non-Durable Goods	480.6*	473.3	+ 1.5	480.6	427.1
Transportation	299.8	298.6	+ 0.4	317.5	286.1
Utility	163.0*	162.2	+ 0.5	163.0	156.2
Trade, Finance & Service	286.4	287.0	- 0.2	290.1	274.8
Mining	380.3	368.8	+ 3.1	382.0	340.5

\* New High

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Gulf States Utilities Company, Beaumont, Texas, filed a registration statement (File 2-13350) with the SEC on May 17, 1957, seeking registration of 200,000 shares of its no par Common Stock, to be offered for public sale at competitive bidding. Net proceeds of the sale of the stock will be used to pay off a portion of the company's short-term notes issued to provide funds for construction purposes, of which at least \$16,000,000 are expected to be outstanding at the date of issuance of the stock. 1957-58 construction expenditures are estimated at \$89,500,000, which will require an additional \$31,000,000 of additional financing in 1957, including temporary bank loans.

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The Bridgeport (Conn.) Gas Company filed a registration statement (File 2-13352) with the SEC on May 17, 1957, seeking registration of 34,572 shares of its no par Common Stock. The company proposes to offer this stock for subscription by common stockholders at the rate of one new share for each seven shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. Smith Ramsay & Co., Inc., of Bridgeport is listed as the principal underwriter.

Securities Exchange Act Release No. 5518

The Securities and Exchange Commission has revoked the broker-dealer registration of L. D. Friedman & Co., Inc., of New York, for false and misleading representations in the sale of North Pacific Exploration Ltd. stock in violation of the anti-fraud provisions of the Securities Act of 1933 and for other violation of the Federal Securities Laws and the SEC rules thereunder.

The Commission also expelled the company from membership in the National Association of Securities Dealers, Inc.; and it found that Louis D. Friedman, president, and Leo Raymond, former vice-president, were each a "cause" of the said revocation and suspension. Friedman & Co. and Friedman consented to the issuance of the revocation and suspension order.

The Commission ruled that Friedman & Co. (the "registrant") in the sale of the common stock of North Pacific Exploration (the "issuer") during the period March 1953 to July 1955 had made various false and misleading representations. Registrant served as underwriter on a best efforts basis for a public offering of 1,375,000 shares of issuer's stock, of which 1,250,000 shares were to be sold for the issuer and 125,000 represented bonus stock to the registrant at the rate of one share for each ten shares sold for the issuer. During the period in question, registrant, through Friedman, Raymond, and other officers and salesmen, sold 536,210 shares for the issuer and 53,690 bonus shares for its own account. By September 23, 1953, registrant had received 50,000 shares of bonus stock which it delivered to customers who had previously purchased stock, without disclosing that such shares were bonus shares sold for registrant's account. In fact, confirmations of these sales falsely represented that registrant was acting as agent for the issuer; and there was failure to disclose that registrant was then entitled only to 16,413 shares of bonus stock instead of the 50,000 shares actually received.

Moreover, according to the decision, registrant, through Friedman, Raymond and others, falsely represented to investors that the public offering of issuer's stock was almost completed; that the price was going up substantially in the near future and the stock would soon be listed on a stock exchange; that registrant and its officers and employees had made large purchases; that oil in commercial quantities had been discovered on the issuer's properties; and that the issuer would be just as good or better than a certain other company which had a history of production and whose securities were listed. In addition, registrant failed to disclose to purchasers of non-bonus stock its repeated delays in remitting to the issuer the proceeds of the sale of such stock, which resulted in corresponding delays in the delivery of stock to the purchasers, as well as its use meanwhile of the proceeds thereof for its own purposes, including the purchase of other securities for its own account. There was also a failure to disclose that registrant was substantially indebted to the president of the issuer and that at various times during 1953 and 1954 it was unable to meet its current liabilities.

The Commission also ruled that registrant violated the SEC net capital rule in that it engaged in the securities business while its aggregate indebtedness to all other persons exceeded 2,000% of its net capital; that it failed to record various transactions in its books and records, including the borrowing and pledge of stock, a bank loan obtained for the purchase of stock, and a loan from another broker to acquire stock for customers for which they had already made payment. In addition, registrant offered and sold 300,000 shares of Opemisca Explorers Limited stock to about 250 customers in violation of the registration requirements of the Securities Act.

(Note: Copies of above also available in SEC New York Regional Office)

Net proceeds of the financing will be used to retire bank loans (presently outstanding \$600,000) and for general corporate funds if any excess.

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The Trane Company, La Crosse, Wisconsin, filed a registration statement (File 2-13351) with the SEC on May 17, 1957, seeking registration of 150,000 shares of its \$2 par Common Stock, to be offered for public sale through an underwriting group headed by Smith, Barney & Co. The public offering price and underwriting terms are to be supplied by amendment.

Trane is engaged in the manufacture and sale of a broad line of equipment in the fields of air conditioning, heating, ventilating and special-purpose heat transfer productions. Net proceeds of this financing will be added to its general funds and will be used for such general corporate purposes as the Board of Directors may determine. It is presently anticipated that a portion of the proceeds will be utilized for capital expenditures and the balance for working capital. Capital expenditures of the company and its Canadian subsidiary scheduled for 1957 are estimated at \$7,000,000.

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Summers Gyroscope Company, Santa Monica, California, today filed a registration statement (File 2-13353) with the SEC seeking registration of 250,080 shares of its \$1 par Common Stock. The company proposes to offer this stock for subscription by holders of its outstanding common at the rate of two new shares for each five shares held of record May 31, 1957. The subscription price and underwriting terms are to be supplied by amendment. Daniel Reeves & Co. is listed as the principal underwriter.

The company is primarily engaged in the development, manufacture and sale of gyroscopes, guidance systems and aircraft instruments for the Armed Forces of the United States. Net proceeds of this financing will be added to its working capital and be available for general corporate purposes. The additional working capital is said to be needed to pay for material cost and for labor, either direct or indirect, in servicing existing contracts as well as others to be negotiated. The company is successor to the Summers Instrument Co., a sole proprietorship conducted by Thomas O. Summers, Jr. Summers is president and board chairman; and he owns 200,376 shares (32.04%) of the outstanding common stock of the company.

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Ignacio Oil and Gas Company, Denver, today filed a registration statement (File 2-13354) with the SEC seeking registration of 650,000 shares of its 50¢ par Common Capital Stock. The stock is to be offered for public sale at \$1 per share. No underwriting is involved, the company proposing to make the offering through its officers, directors and employees. Each person so selling may receive a maximum of 15% commission on all stock sold. The offering also may be made through securities dealers, who will receive a 15% commission.

Ignacio was organized under Colorado law in August, 1956. It proposes to acquire, develop and operate interests in oil and gas properties. The company now holds by

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assignment oil and gas leases on acreage in LaPlata County, Colorado, and in New Mexico. In addition, it owns 10 acres of fee simple land in Lea County, New Mexico. The company has no operating history or producing oil properties or proven oil reserves. Net proceeds of the common stock financing will be used for drilling of test wells on Colorado properties (\$200,000), completion of such wells, if warranted (\$100,000), operating reserve for additional drilling operations (\$75,000), and acquisition and exploration of additional properties and for working capital (\$162,500).

The company's president is W. Clay Merideth. It has outstanding 560,000 common shares, of which 500,000 shares were issued to Merideth and other promoters for property interests. In addition, 100,000 shares are under option to Merideth and 100,000 to William J. Bennett, Secretary-Treasurer, at a price of \$1 per share; Milvin M. Johnson, Vice-President, has received warrants for the purchase of 25,000 shares at 50¢ per share; and C. Henry Roath, counsel, has received warrants to purchase 10,000 shares at 50¢ per share.

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Tennessee Gas Transmission Company, Houston, today filed a registration statement (File 2-13355) with the SEC seeking registration of \$1,750,000 of Contributions to be made by the Employees of that company to The Thrift Plan (including the company's guarantee of such plan).

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