

# 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.

September 6, 1957

FOR RELEASE

## SEC ORDERS STOP ORDER PROCEEDINGS AGAINST COMICO CORPORATION

The Securities and Exchange Commission today announced the institution of "stop order" proceedings under the Securities Act of 1933 to determine whether to suspend the effectiveness of a registration statement filed by Comico Corporation, of Memphis, Tenn., for alleged failure to comply with the disclosure requirements of that Act. A hearing therein is scheduled for September 16, 1957, in the Commission's Washington Office.

Comico's registration statement, filed May 2, 1957, proposed the public offering of 750,000 shares of its common stock at \$2 per share. The offering was to be made on a "best efforts" basis by Southeastern Securities Corporation, of New York, for which it would receive a selling commission of 15% plus expenses not to exceed \$100,000. Comico was organized under Delaware law in February, 1957, for the primary purpose of exploiting by mining, milling and marketing a mining lease on properties located near Glenwood, Ark., received by assignment from its promoters (including H. E. Phillips, of Osceola, Ark., company president, and C. V. Goodwin, Marion, Ark., and C. W. Beale, Sr., of Memphis, vice-presidents).

In its order for proceedings, the Commission challenges the accuracy and adequacy of various informational disclosures contained in Comico's registration statement and prospectus. Among these are disclosures with respect to the economic feasibility of the proposed operation and the investment risks of the securities sought to be registered, including the asserted failure to disclose in the prospectus in concise, informative manner, whether the mineral deposit has been explored to determine the extent and continuity of the deposit; whether representative samples of the mineral deposit have been taken to determine its physical and chemical properties or whether the mineral is suitable for any of the uses for silica materials; whether Comico has made a survey of the market for the mineral proposed to be produced or milled; whether the owner of the mineral deposit leased to Comico has made other attempts to sell the deposit or the minerals; and whether exploration of the deposit, analysis of representative samples and results of the marketing survey and chemical research into the uses of the mineral will affect the uses of proceeds.

In addition, the Commission questions the adequacy and accuracy of information contained in the registration statement and prospectus concerning the terms of the proposed stock offering; the proposed use of the proceeds of the sale of stock; the business and property of Comico, including particularly the costs of mining, processing and marketing, general competitive conditions in the industry and the extent and continuity of the mineral deposit; and the organization of the company and the interest of management and others in certain transactions, including the cost to the promoters of the leasehold transferred to Comico, as well as concerning the past business experience of the principal promoters.

For further details, call ST. 3-7600, ext. 5526

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At the September 16th hearing, inquiry will be conducted for the purpose of determining whether Comico's registration statement and prospectus are inadequate, false or misleading in respect of material facts and, if so, whether a stop order should be issued suspending the effectiveness of the registration statement. (See Securities Act Release No. 3838.)

#### EXEMPTION FOR IDEA INC. STOCK OFFERING PERMANENTLY SUSPENDED

In a decision announced today, the SEC ordered the permanent suspension of a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities by Idea, Inc., of Silver Springs, Nevada, for failure to comply with the terms and conditions of Regulation A.

In a Regulation A notification filed in September, 1955, Idea Inc., proposed the public offering of 200,000 shares of its Class A stock at \$1 per share. It stated that there would be no underwriting discounts or commissions except that not more than 20% of the gross proceeds from the sale of stock would be used to cover the costs of advertising and sale. It further stated that the authorized capital stock of the company, which proposed to operate a jobbing machine shop, consisted of 480,000 shares of Class A stock, \$1 par, none of which had been issued, and 400,000 shares of Class B stock, 5¢ par, of which 150,000 shares had been issued to Warren H. Barlow, president and general manager, and 20,000 shares to another person. The two classes of stock have the same voting and dividend rights, but the Class A stock has certain preferences in the event of dissolution.

Pursuant to the Regulation A offering, Idea Inc. sold 5,699 shares of Class A stock between November, 1955 and March, 1956. The purchasers of 1,900 of these shares were given, in consideration of their purchases, a share of Barlow's unregistered and unexempted Class B stock for each share of Class A stock purchased, while the purchasers of the remainder of the Class A stock received no such bonus. In addition, most of the stock was sold by a person who was employed by Idea Inc. as a salesman and was paid a commission of 15% on the stock sold by him. Thus, the Commission ruled, "the representation in the offering circular that no underwriting commissions or discounts would be paid was false. Such misrepresentation and the failure to disclose the discriminatory method of offering the stock as between purchasers were material and constitute grounds for suspension."

Furthermore, according to the Commission's decision, Idea Inc., failed to comply with a requirement of Regulation A that it file semi-annual reports of the sales of stock pursuant to the offering. (See Securities Act Release No. 3837.)

#### MANUFACTURERS LIGHT TO BORROW \$13 MILLION FROM PARENT

The Manufacturers Light and Heat Company, Pittsburgh, Pa., subsidiary of The Columbia Gas System, Inc., has received SEC authorization to issue its Installment Notes in an amount not to exceed \$13,000,000 to Columbia Gas. The funds are to be used toward financing Manufacturers' 1957 construction and betterment program, requiring new money in the amount of \$21,000,000. The balance of the required funds is being raised by the issuance and sale to Columbia Gas of 160,000 shares of Manufacturers' common stock, heretofore approved by the Commission. (See Holding Company Act Release No. 13541.)

(Continued)

## COLUMBIA GAS SYSTEM PROPOSES \$25 MILLION DEBENTURE OFFERING

The Columbia Gas System, Inc., New York, today filed a registration statement (File 2-13585) with the SEC seeking registration of \$25,000,000 of Debentures, Series I due 1982, to be offered for public sale at competitive bidding. Net proceeds of the sale of the debentures are to be added to the general funds of the company and, together with other available funds, including approximately \$45,870,000 from the recent sales of common stock and Series H debentures, will be used to satisfy the demands in 1957 upon such general funds, including principally the financing of the 1957 construction program of the company's subsidiaries. This program is presently estimated to require expenditures of approximately \$84,000,000.

## SOUTHWESTERN BELL TELEPHONE PROPOSES \$100 MILLION DEBENTURE OFFERING

Southwestern Bell Telephone Company, St. Louis, Mo., today filed a registration statement (File 2-13586) with the SEC seeking registration of \$100,000,000 of Thirty-five Year Debentures, due October 1, 1992, to be offered for public sale at competitive bidding. Net proceeds of the sale of the debentures are to be applied toward the repayment of advances from American Telephone and Telegraph Company, which are expected to amount to \$139,000,000 at the time of sale. Advances from A T & T are obtained in conformity with an established practice of borrowing from that company, as need therefor arises, for general corporate purposes, including property additions and improvements.

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