

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 November 4, 1958

DUE DATE FOR RULE 133 COMMENTS EXTENDED

The Commission has granted a two-week extension to December 1, 1958, for the submission of views and comments upon its proposal to amend Rule 133 under the Securities Act of 1933 (Rel. 33-3990).

The present rule provides that the issuance of securities to stockholders in connection with certain merger-type transactions does not involve a sale of such securities to the stockholders and, consequently, that it is not necessary to register the securities. The proposed amendments would retain the existing rule but would incorporate additional provisions which would make clear that registration is required in certain cases where a public distribution of securities initially required in such an exempt transaction is subsequently made by a person defined as a statutory underwriter.

The extension for submission of views and comments had been requested by bar association groups.

GRAIN ELEVATOR WAREHOUSE FILES FOR SECONDARY

Grain Elevator Warehouse Company, 927 Market St., Wilmington, Del., filed a registration statement (File 2-14489) with the SEC on November 3, 1958, seeking registration of 100,000 outstanding shares of its 10¢ par Common Stock.

National Alfalfa Dehydrating and Milling Company, holder of the 100,000 common shares, proposes to offer to its stockholders preferential warrants to subscribe to 98,750 shares of Grain Elevator stock on the basis of one warrant for each share of National Alfalfa common held on November 17, 1958. Each warrant will evidence the right to subscribe to 1/8 of one share of Grain Elevator stock. The subscription price is to be \$2 per share. The balance of the shares, together with any unsubscribed shares, will be sold on such terms and conditions as National Alfalfa may determine, but not at a price less than \$2 per share. No underwriting is involved. The 100,000 shares constitute 44% of the outstanding shares. As a shareholder of National Alfalfa, Grain Elevator will receive 145,000 rights to subscribe to 18,125 shares of this offering. It will not exercise its rights but will offer the same for sale, either public or private.

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General Investors Trust, Boston, Mass., investment company, filed an amendment on November 1958, to its registration statement (File 2-10431) seeking registration of an additional 500,000 shares of beneficial interest.

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SOUTHERN AND SUBSIDIARIES PROPOSE FINANCING

The Southern Company, Wilmington, Del., and four subsidiaries have joined in the filing financing proposal with the SEC; and the Commission has issued an order (Rel. 35-13860) giving interested persons until November 19, 1958, to request a hearing thereon.

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

The proposal contemplates that Southern will make bank borrowings from time to time prior to January 31, 1958, in amounts aggregating \$12,000,000. The proceeds, together with treasury funds will be used to purchase additional common stocks of subsidiaries during 1958 and 1959, as follows: Alabama Power Company, \$11,000,000; Georgia Power Company, \$3,000,000; and Gulf Power Company, \$2,000,000. Gulf also proposes to make bank borrowings of \$3,000,000.

Alabama and Georgia will each purchase \$3,000,000 of common stock of Southern Electric Generating Company, the funds to be used by the latter to continue the construction of its steam electric generating plant and its coal mining facilities, to acquire additional coal reserves and for other corporate purposes. Alabama will apply the balance of the proceeds of its stock sale, together with other funds, for construction purposes; and Gulf will apply the proceeds of its stock sale and bank borrowings for construction purposes.

SEC VACATES SUSPENSION OF MID-HUDSON NATURAL GAS OFFERING

In a decision announced today (Rel. 33-3985), the SEC vacated its March 27, 1957, order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by Mid-Hudson Natural Gas Corporation, of New York City.

The stock offering by Mid-Hudson, involving 500,000 common shares at 50¢ per share, was made pursuant to a Regulation A notification filed in July 1955. The offering was completed in May 1956 with the sale of all 500,000 shares. The suspension order challenged the accuracy of information contained in Mid-Hudson's offering circular; and a hearing was subsequently ordered to determine whether the suspension should be vacated or made permanent. The hearing concerned primarily the question as to the accuracy of information in the offering circular that Mid-Hudson had issued 575,000 common shares to two persons in exchange for certain oil and gas leases and that these persons had transferred 285,000 of these shares to the company's president at one mill per share.

The offering circular listed Sidney Lieberman, Richard M. Atwater, III, and Martin J. Rubin as president-treasurer, vice-president, and secretary, respectively, and as directors and promoters. Lieberman was listed as a controlling person. Of 900,000 common shares outstanding, 300,000 were said to have been issued to Atwater and 275,000 to Rubin for some 6,000 acres of oil and gas leases which had been acquired by them at nominal cost. It was further indicated that Atwater had transferred 41,600 shares to Lieberman and 80,000 to Lieberman and his wife, all at one mill per share, and 11,000 shares to others, retaining 167,400 shares; and that Rubin had transferred 3,400 shares to Lieberman and 160,000 shares to Lieberman and his wife, all at one mill per share, leaving him 111,600 shares of which 15,000 were transferred to another.

The stated facts with respect to the issuance of shares to Atwater and Rubin and the subsequent transfer of shares to Lieberman and his wife were correct. However, according to the Commission's decision, the evidence showed that Rubin and Atwater had entered into agreements to transfer their oil and gas leases in exchange for 111,600 shares and 167,400 shares, respectively, but Lieberman transmitted to them certificates for the total of 575,000 shares with instructions to assign the certificates for the extra shares over to him and his wife. The evidence further showed that, at the time of the issuance of the 575,000 shares to Rubin and Atwater, it was understood among the three promoters that an undetermined number of those shares would be transferred to Lieberman, even though the exact number was not agreed upon until shortly afterwards when it became apparent that Lieberman would be required and agreed to lend additional funds to finance the company's operations. The offering circular did not disclose any understanding that Rubin and Atwater would transfer some of their shares to Lieberman.

Accordingly, the Commission ruled that the representation that the 575,000 shares were issued solely in exchange for oil and gas claims was not accurate. However, the offering circular set forth that Lieberman, Atwater and Rubin were the promoters of Mid-Hudson; and on the same page which reflected the issuance of 575,000 shares to Rubin and Atwater the offering circular disclosed that they had transferred 285,000 of these shares to Lieberman at the nominal consideration of one mill per share. "It thus appears," the Commission stated, "that the offering circular adequately disclosed to prospective investors the end results of the transactions among the respondent and its promoters. Under all the circumstances, we conclude that the record does not establish that the misstatement in the offering circular was of such serious nature as to require that our suspension order be made permanent."