

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 21, 1958

SOUTHERN COMPANY SYSTEM FINANCING APPROVED

The SEC has issued an order (Release 35-13868) authorizing The Southern Company, Wilmington, Del. holding company, to make bank borrowings from time to time prior to January 31, 1959, in amounts aggregating not to exceed \$12,000,000, for which short-term unsecured notes will be issued.

Southern proposes to use the proceeds of the borrowings together with treasury funds, to the extent required to purchase during 1958 and January 1959, at \$100 per share, additional stock of its subsidiaries, Alabama Power Company, Georgia Power Company, and Gulf Power Company, as follows: Alabama, 80,000 shares in 1958 and 30,000 shares in January 1959; Georgia, 30,000 shares in January 1959; and Gulf, 20,000 shares in 1958. Gulf also proposes to sell \$3,000,000 of short-term unsecured notes to two banks.

Alabama and Georgia propose to acquire in January 1959, at \$100 per share, 30,000 shares each of the common stock of Southern Electric Generating Company, the proceeds 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 sale of stock and notes for construction purposes.

INDUSTRIAL BANK SEEKS EXEMPTION FOR LOANS TO DIRECTORS

Industrial Bank of Commerce, of New York, N. Y., has applied to the SEC for an exemption order permitting loans by the Bank to certain of its directors; and the Commission has issued an order (Release No. IC-2792) giving interested persons until December 8, 1958, to request a hearing thereon.

According to the application, a majority of the voting stock of the Bank is owned by Empire Shares Corporation. All of the voting stock of the latter is owned by The Morris Plan Corporation, all of whose voting stock is owned by Financial General Corporation, whose stock in turn is 25% owned by The Equity Corporation, a registered investment company. Because of this intercompany affiliation, the Bank's directors are affiliated persons of an affiliated person of Equity under standards of the Investment Company Act. Hence, loan transactions between the Bank and its directors are prohibited by Section 17(a)(3) of the Act unless the Commission grants an exemption pursuant to Section 17(b) thereof.

The application represents that the loans would be made only to directors who are not otherwise affiliated with Equity or with companies affiliated with Equity; all such loans would be evidenced by promissory notes and secured by collateral equal to the amount of the loans; such loans would be made at a rate of interest then currently charged by the Bank for comparable loans made to the general public; and any such loan must be made in accordance with regulations of the New York Superintendent of Banks. At the present time, according to the application, the Bank finds itself compelled on occasion to direct its own directors to other banks when they seek to borrow money on fully secured loans.

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

The Putnam Growth Fund, Boston, Mass. investment company, filed an amendment on November 19, 1958, to its registration statement (File 2-13644) seeking registration of an additional 20 shares of Beneficial Interest, \$1 par value.

SALE OF BONANZA OIL STOCK ENJOINED

The SEC San Francisco Regional Office announced November 18, 1958, that a consent injunction had been issued by the USDC, Nev., enjoining Bonanza Oil Corp., Glen Swarthout, James L. Rose, Joe Ferrell and Ruth Rains from further sales of Bonanza Oil stock in violation of the Securities Act registration requirements (Lit. Release 1366).

NELSON FUND FILES FOR OFFERING

Nelson Fund, Inc., 37 Wall St., New York, N. Y., filed a registration statement (File 2-14550) with the SEC on November 20, 1958, seeking registration of 600 shares of its Capital Stock, \$1,000 par value. The company was organized under Maryland law on November 2, 1955 as a private investment corporation and, on November 1, 1958, registered as an open-end non-diversified management investment company under the Investment Company Act of 1940. Its shares are to be offered for sale at net asset value. There is to be no sales load or underwriting commission. The Fund is managed by its officers and directors. George J. Nelson is listed as president and treasurer.

DELISTING OF REAL SILK HOSIERY AND AMERICAN ENCAUSTIC TILING PROPOSED

The New York Stock Exchange has filed applications to strike from listing and registration the common stocks of Real Silk Hosiery Mills, Inc., and American Encaustic Tiling Company, Inc., for the stated reason that the said stocks are no longer suitable for listing and trading on the Exchange because of their limited distribution. The Commission issued orders (Release 34-5823) giving interested persons until December 3, 1958, to request a hearing upon the respective applications.

DELISTING OF COLONIAL SAND FROM PACIFIC COAST EXCHANGE PROPOSED

The Pacific Coast Stock Exchange has filed an application to strike from listing and registration the common stock of Colonial Sand & Stone Co., Inc.; and the Commission has issued an order (Release 34-5823) giving interested persons until December 3, 1958, to request a hearing thereon. The delisting application was filed on request of the issuing company due to the limited trading in the shares on the said Exchange. The stock remains listed and registered on the American Stock Exchange.

UNLISTED TRADING GRANTED IN HOWE SOUND SHARES

The SEC has issued orders (Release 34-5823) granting applications of the Pacific Coast Stock Exchange and the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stock of Howe Sound Company (Del.), which stock is listed and registered on the New York Stock Exchange.

FOREST GROVE HOMEBUILDERS WITHDRAWS REQUEST FOR HEARING

Forest Grove Homebuilders & Investors, Inc., Forest Grove, Oregon, has withdrawn its request for a hearing to determine whether the Securities and Exchange Commission should vacate, or make permanent, the Commission's prior suspension of a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities by that company. The hearing scheduled for December 2, 1958, in Portland, Oregon, has been cancelled.

In a Regulation A notification filed September 8, 1958, Forest Grove Homebuilders proposed the public offering of 1,000 shares of Class B preferred at \$100 per share and 3,678 shares of Class B common at \$100 per share. The Commission by order dated October 7, 1958, temporarily suspended the conditional exemption from registration provided by Regulation A on the ground the exemption was not available because the aggregate offering price of the securities exceeded the \$300,000 maximum provided by Regulation A and that the company's offering circular was false and misleading in respect of various material facts (See Release No. 3976).

Under the circumstances, the Commission's prior suspension order becomes permanent.

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UPJOHN CO. FILES FOR SECONDARY

The Upjohn Company, 301 Henrietta St., Kalamazoo, Mich., today filed a registration statement (File 2-14552) with the SEC seeking registration of 2,410,000 outstanding shares of its Common Stock, to be offered for public sale by the holders thereof through an underwriting group headed by Morgan Stanley & Co. The public offering price and underwriting terms are to be supplied by amendment.

A large ethical drug manufacturer, the company on November 26, 1958, will increase its authorized shares of capital stock from 650,000 shares \$10 par, to 20,000,000 shares, \$1 par, in connection with its reincorporation under Delaware law. At the same time, each outstanding share of common stock of the predecessor Michigan corporation will be converted into 25 shares of common stock of the successor Delaware corporation. As of September 30, 1958, it will have outstanding 14,056,000 common shares.

The prospectus lists 55 selling stockholders, who will own in the aggregate 9,866,705 shares. The largest blocks are held, as follows: Dorothy U. Dalton, owner of 752,650 shares of which 50,000 shares are to be sold; Genevieve U. Gilmore, owner of 606,250 shares of which 75,000 shares are to be sold; R. A. Light, a director, owner of 437,412 shares of which 125,000 shares are to be sold; Grace G. Upjohn, owner of 869,626 shares of which 197,500 shares are to be sold; W. J. Upjohn, director, owner of 545,848 shares of which 81,875 shares are to be sold; The American National Bank and Trust Company of Kalamazoo, as Trustee for four trusts for members of the S. Rudolph Light family, holder of 459,500 shares of which 275,750 shares are to be sold (the Bank also has three other trust accounts holding lesser amounts); The First National Bank and Trust Company of Kalamazoo, as Trustee or Co-Trustee of 66 trusts for members of the D. S. Gilmore (board chairman) family, holder of 671,750 shares of which 103,875 shares are to be sold, and as Trustee of 16 trusts for members of the Dorothy U. Dalton family, holder of 679,375 shares of which 113,125 shares are to be sold (this Bank also has six other trust accounts holding lesser amounts); The Kalamazoo Foundation, owner of 439,750 shares of which 383,375 shares are to be sold; and Wait & Co. as Nominee for Harris Trust and Savings Bank, as Trustee or Co-Trustee of five trusts for members of the R. U. Light (director) family, holder of 417,975 shares of which 119,975 shares are to be sold (this Bank also has two other trust accounts holding lesser amounts).

TRI-CONTINENTAL SEEKS EXEMPTION FOR STANROCK URANIUM FINANCING

Tri-Continental Corporation, New York investment company, and its wholly-owned investment company subsidiary, Tri-Continental Financial Corporation, have applied to the SEC for an exemption order under the Investment Company Act permitting certain transactions involved in a financing program for Stanrock Uranium Mines Limited; and the Commission has issued an order (Release IC-2793) giving interested persons until December 5, 1958, to request a hearing upon the application.

The companies seek an exemption with respect to the proposed sale by Stanrock of its unsecured notes to Tri-Continental Financial, as well as the repurchase by Stanrock of its outstanding first mortgage bonds from Tri-Continental and Tri-Continental Financial. Because of intercompany affiliations due to stockholdings by the two investment companies in Stanrock, the transactions are prohibited under the Investment Company Act unless an exemption order is issued by the SEC.

Stanrock is a company organized under the laws of the Province of Ontario which owns certain mining claims located in that Province. Pursuant to a contract with Eldorado Mining and Refining Limited, a Crown company owned by Canada, Stanrock has agreed to sell to Eldorado up to a maximum of 9,198,000 pounds of uranium oxide in concentrate form at a total estimated price of approximately \$97,000,000, deliveries to be made commencing in 1958 through March 1963. In early 1958 Stanrock completed the sinking of shafts on its properties and the construction of a mill and related surface facilities, and commenced mining and milling operation. On the basis of operating experience to date, Stanrock has found it necessary to increase substantially its estimates of cash requirements to provide additional working capital and for the purchase of additional machinery and equipment. Consequently, it must obtain approximately \$4,000,000 in additional funds to retire \$2,900,000 of outstanding bonds pursuant to the sinking fund requirements of the bond indenture and to provide approximately \$1,000,000 for other purposes, including operating costs, interest payments and deferred capital items.

Stanrock will sell \$2,500,000 of convertible notes to a small group of institutional investors, including \$450,000 of notes to be purchased by Tri-Continental Financial. Stanrock will also sell \$1,875,000 of 5½% unsecured promissory notes, of which \$1,687,500 principal amount will be purchased by Tri-Continental Financial for \$1,219,500 and \$187,500 principal amount will be purchased by Value Line Income Fund, Inc., for \$135,500. Stanrock also will obtain a commitment from a Canadian bank obligating it to increase its secured loans to Stanrock by the amount of \$500,000.

Stanrock will utilize part of the proceeds of its sale of securities to purchase \$2,900,000 of outstanding bonds at 95% of principal amount, of which \$2,000,000 of bonds will be purchased from Tri-Continental, \$610,000 from Tri-Continental Financial, and \$290,000 from Value Line.

TEXAS POWER FILES FOR BOND OFFERING

Texas Power & Light Company, 1511 Bryan St., Dallas, Texas, filed a registration statement (File 2-14553) with the SEC on November 21, 1958, seeking registration of \$12,500,000 of First Mortgage Bonds, Series due 1988, to be offered for public sale at competitive bidding. Net proceeds from the sale of the bonds, together with a cash contribution of \$2,000,000 by Texas Utilities Company (parent) and funds derived from operation, will be used to provide funds for the company's construction program through a portion of 1959, and for other corporate purposes, including repayment of some \$4,000,000 of loans from the parent. The construction program is estimated at \$27,000,000 for 1958 (of which \$20,468,000 was expended during the first nine months) and at \$16,800,000 in 1959.

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