

# 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 24, 1958

Statistical Release No. 1568

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended November 21, 1958, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1958, is as follows:

	1939 = 100		Percent Change	1958	
	11/21/58	11/14/58		High	Low
Composite	387.8	391.1	-0.8	391.1	299.0
Manufacturing	486.5	491.9	-1.1	491.9	373.3
Durable Goods	446.0	451.5	-1.2	451.5	332.2
Non-Durable Goods	514.4	519.7	-1.0	519.7	402.2
Transportation	329.1*	327.7	+0.4	329.1	219.7
Utility	190.5	191.6	-0.6	191.6	155.5
Trade, Finance & Service	368.0*	362.1	+1.6	368.0	263.2
Mining	340.4	344.4	-1.2	347.2	261.3

\*New High

## WEY-DO MANUFACTURING OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order (Release 33-3997) temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Wey-Do Manufacturing Co., Inc., 40 Remsen St., Brooklyn, N. Y. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding \$300,000 in amount. Wey-Do filed a notification on August 16, 1957, proposing the public offering of 1,000 shares of common stock at \$50 per share. The Commission's suspension order asserts that the terms and conditions of Regulation A exemption have not been complied with in that the notification fails to state each of the jurisdictions (States) in which the stock is to be offered and the offering circular fails to disclose certain information; and it further asserts that the stock offering would violate Section 17 (the anti-fraud provision) of the Securities Act.

According to the order Wey-Do's offering circular fails to disclose the method by which the stock was to be offered and the expenses of such offering; a reasonably itemized statement of the proposed use of the proceeds of the stock sale; the annual remuneration to management officials; the salaries of the officers and directors in the company; the percentage of outstanding stock held by management officials and promoters and the cash paid thereof, as contrasted with the amount of stock sold to the public and the proceeds thereof; a contingent liability arising out of the sale of securities within one year in violation of the Securities Act registration requirement; and the required financial statements.

\* \* \* \* \*

OVER

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

## COLUMBIA GAS FILES FOR SECONDARY OFFERING

The Columbia Gas System, Inc., ("Columbia Gas"), 120 East 41st Street, New York, filed a registration statement (File 2-14551) with the SEC on November 21, 1958, seeking registration of 800,000 shares of its \$10 par common stock. The shares are to be offered for public sale by the prospective holders thereof through an underwriting group headed by Carl M. Loeb, Rhoades & Co., and Merrill Lynch, Pierce, Fenner & Smith. Said firms and seven other investment banking firms are listed as the Selling Stockholders. The public offering price and underwriting terms are to be supplied by amendment. The issuing company, Columbia Gas, will receive no part of the proceeds.

Under a Reorganization Agreement and Plan dated June 5, 1958, between Columbia Gas, Columbia Gulf Transmission Company ("Pipeline Co.", a wholly-owned subsidiary) and Gulf Interstate Gas Company ("Gulf Interstate") and under a preferred Stock Purchase Agreement between the Selling Stockholders and Gulf Interstate, Pipeline Co. proposes to acquire, subject to the receipt of appropriate authority from this Commission pursuant to an application now pending before it under the Holding Company Act, substantially all of the assets of Gulf Interstate in exchange for (a) the delivery by Pipeline Co. to Gulf Interstate of an estimated 4,818,559 shares of the common stock of Columbia Gas and (b) the assumption by Pipeline Co. of substantially all of Gulf Interstate's liabilities.

Upon consummation of such transactions Gulf Interstate will be liquidated and dissolved. In connection with the proposed transactions Gulf Interstate will issue and sell to the Selling Stockholders a new series of 6½% preferred stock, using the proceeds to redeem its presently outstanding 6% cumulative preferred stock. Upon the liquidation of Gulf Interstate the Selling Stockholders have agreed to accept in exchange for the 6½% preferred stock of Gulf Interstate to be owned by them the common shares of Columbia Gas for which registration is sought.

Pursuant to the Preferred Stock Purchase agreement, Gulf Interstate will pay \$175,000 to the selling stockholders for their agreement, among other things, not to dispose of the shares of the 6½% preferred stock to be held by them prior to July 1, 1959, except, upon liquidation of Gulf Interstate, in exchange for the shares of Columbia Gas the subject of this filing.

## COLONIAL FUND SEEKS EXEMPTION FOR PURCHASE OF NORTHWEST AIRLINES STOCK

The Colonial Fund, Inc., Boston, Mass. investment company, has applied to the SEC for an exemption order under the Investment Company Act permitting its purchase of Northwest Airlines, Inc. stock; and the Commission has issued an order (Release IC-2794) giving interested persons until December 8, 1958, to request a hearing thereon.

Northwest Airlines has filed a registration statement with the Commission proposing an offering to its common stockholders by means of rights of an issue of 449,040 shares of Cumulative Preferred Stock, Convertible Series. The offering is to be underwritten by a group of underwriters headed by First Boston Corporation and also including Kidder, Peabody & Co. Colonial Fund proposes to acquire not exceeding 16,000 shares of the preferred stock; but because its president is a director of First Boston and a limited partner of its investment adviser is also a limited partner of Kidder Peabody, such purchase is prohibited by the Investment Company Act unless exempted from the prohibition by the Commission.

## NATIONAL GAS &amp; OIL SEEKS HOLDING COMPANY ACT EXEMPTION

National Gas & Oil Corporation, Newark, Ohio, which is exempt from the Holding Company Act by virtue of an order of the Commission of June 16, 1950, has applied to the SEC for an order declaring that it has ceased to be a holding company; and the Commission has issued an order (Release 35-13869) giving interested persons until December 10, 1958, to request a hearing thereon. National Gas has one subsidiary, Natol Corporation, which is engaged in the production and sale at wholesale of crude oil and natural gas. National Gas is engaged in the purchase, production, transmission and sale, primarily at wholesale, of natural gas. The only gas sold at retail is that distributed in Newark, Ohio and environs.

\* \* \* \* \*

Continued

## VIOLATION CHARGED TO JAMES DRASS INC.

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of James H. Drass, Inc., 30 North 4th St., Sunbury, Penna., and whether the company should be suspended or expelled from membership in the National Association of Securities Dealers, Inc. (34-5824).

In its order, the Commission asserts that information developed in an investigation conducted by its Staff tends to show that Drass, Inc. falsified information in three financial reports filed with the Commission in 1956 and 1958 with respect to current assets of the company and concerning assets in its trading and investment account; that it made false and misleading entries in certain of its books and records and failed to make and keep current certain of its books and records all with respect to transactions in and ownership of certain securities; that it failed to file the required report of financial condition for the year 1957; and that it failed to cancel or otherwise liquidate purchase of securities by customers in special cash accounts, despite the failure of such customers to make full cash payment therefor within seven days after the purchases.

The order further charges that this information, if true, tends to show that Drass, Inc. violated provisions of the Securities Exchange Act and rules of the Commission thereunder, as well as provisions of Regulation T. James Harold Drass, president and principal stockholder of Drass Inc., is said to have participated in the alleged violations.

The time and place of the hearing for the purpose of taking evidence with respect to the foregoing matters will be announced later.

## BISMARCK HOTEL FILES FOR TRUST INDENTURE QUALIFICATION

Bismarck Hotel Co., 171 West Randolph St., Chicago, Ill., filed an application (File 22-2477) with the SEC on November 21, 1958, pursuant to the Trust Indenture Act of 1939, seeking qualification of a trust indenture covering \$2,076,240 of Fifteen Year 5% Registered Income Debentures. The debentures are to be issued under the Indenture solely in exchange for the shares of common stock of the company which voluntarily may be offered in exchange for the debentures on the basis of the issuance of one \$80 debenture for one share of common stock as provided in the company's recapitalization plan.

---000000---