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 September 13, 1956

Securities Exchange Act Release No. 5364

The Securities and Exchange Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether an application for broker-dealer registration filed by First Idaho Corp., Boise, Idaho, should be denied. A hearing therein is scheduled for October 8, 1956, in the Commission's Seattle Regional Office.

First Idaho's application for registration as a broker-dealer was filed on August 13, 1956. It names Charles J. Thornton as president, treasurer and a director of the applicant.

According to the Commission's order, Thornton was formerly associated with Thornton & Co., of New York, whose broker-dealer registration was revoked by the Commission on July 14, 1948, and which firm also was expelled from membership in the National Association of Securities Dealers, Inc. In its decision in that case, the Commission found that Thornton & Co. had wilfully violated Sections 9(a)(1), 9(a)(2), 10(b) and 15(c)(1) of the Securities Exchange Act of 1934 and certain rules thereunder; and it further found, on the basis of the record in such proceedings, that Thornton was the only active partner in and controlled the activities of Thornton & Co.

At the October 8th hearing, inquiry will be conducted into the question whether it is in the public interest to deny the application of First Idaho for registration as a broker-dealer.

Investment Company Act Release No. 2411

Manhattan Bond Fund, Inc., Elizabeth, N. J., investment company, has applied to the SEC for an exemption order permitting its acquisition of Peabody Coal Company debentures and the Commission has issued an order giving interested persons until 12:00 Noon September 25, 1956, to request a hearing thereon.

As previously reported (9/5/56), Peabody proposes to make a public offering of $35,000,000 of Sinking Fund Debentures. According to the present application, Dick & Merle-Smith, an investment banking firm, expects to be one of the underwriters of that offering, expected to be made on or about September 25, 1956. Julian K. Roosevelt, a partner of said underwriting firm, is a member of the board of directors of Manhattan.

Manhattan is the owner of $612,000 of the outstanding 4-7/8% debentures of Peabody which are to be retired in connection with the latter's refunding program which contemplates its issuance of the new debentures. Subject to review of the offering price and interest rate on the new debentures, Manhattan desires to replace the debentures to be retired by the purchase of not exceeding $750,000 of the new debentures. Such purchase would be made from a member of the underwriting or selling group other than Dick & Merle Smith. Because of the intercompany affiliation, such purchase is prohibited by the Investment Company Act. The Commission, however, may grant an exemption if and to the extent that such exemption is consistent with the protection of investors.

Investment Company Act Release No. 2410

Equity General Corporation, subsidiary of The Equity Corporation, New York investment company, has joined with Sterling Precision Corporation, of New York, in the filing of an application with the SEC for an exemption order with respect to the partial redemption by Sterling of its debentures owned by Equity General; and the Commission has issued an order giving interested persons until October 26, 1956, to request a hearing thereon.

As of April 30, 1956, Sterling's consolidated long-term debt consisted of $3,400,000 of 4½% convertible debentures due 1971 and $877,709 of other long-term debt, principally of subsidiaries. Equity General owned $1,800,000 of the debentures; and Schuyler Corporation, a non-affiliated company, owned the balance of $1,600,000. Sterling's outstanding capital stock consisted of 97,286 shares of 5% convertible preferred stock, $10 par, and 4,264,906 shares of common stock, of which 137,640 common shares were owned by Equity General. Three of Sterling's seven directors are also directors of Equity General; and an additional director of Sterling was suggested by Equity General.

According to the application, Sterling and Equity General have entered into a financing agreement under which short term loans of $1,400,000 were made by Equity General to Sterling for the repayment of bank loans and other corporate purposes pending permanent financing through the issuance and sale of preferred stock by Sterling. Sterling will offer 379,974 shares of 5% convertible preferred stock, $10 par, to the holders of its preferred and common stock at a price of $10 per share. Equity General will exercise its subscription rights to the extent necessary to assure the purchase by stockholders of an aggregate of 290,000 shares of the new preferred. Proceeds from the sale of the new preferred will be used by Sterling to repay the short term loans owing to Equity General and for general corporate purposes. If more than 290,000 shares of the new preferred are sold, Sterling will apply the gross proceeds received from the sale of shares to Equity General to the partial redemption of debentures pursuant to their terms. Schuyler has waived its right to partial redemption; and, accordingly, Sterling will apply the available proceeds from the sale of the new preferred, up to the maximum of $901,000, to the redemption of debentures held by Equity General. The application further states that the proposed transactions will be adventageous to Sterling in that they will result in an increase in its equity capital, the reduction of its indebtedness, and the addition of nearly $3,000,000 to its working capital. General Precision's registration statement with respect to the proposed preferred stock offering was filed July 6, 1956.

Holding Company Act Release No. 13253

Iroquois Gas Corporation (Buffalo, N. Y.) has applied to the SEC for authorization to acquire certain New York natural gas properties; and the Commission has issue an order giving interested persons until September 27, 1956, to request a hearing

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thereon. According to the application, Iroquois proposes to acquire, for a cash consideration of $450,000, all of the natural gas properties of Reservation Gas Company and Finance Oil Company, non-affiliates, located in Erie, Cattaraugua, and Chautauqua Counties, New York, consisting primarily of 49 producing wells, approximately 45 miles of pipeline, 2 compressor stations, various parcels of real property, and gas producing and storage leaseholds covering approximately 27,850 acres.

Holding Company Act Release No. 13254

Ohio Edison Company (Akron, O.) has applied to the SEC for authorization to acquire the municipal electric distribution system of the Village of Huron, O.; and the Commission has issued an order giving interested persons until September 27, 1956, to request a hearing thereon. Ohio Edison now supplies power to Huron for distribution over its system, which serves approximately 1,350 customers. It proposes to acquire the properties for a cash consideration of $335,000.

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Southwide Corporation, Anniston, Ala., filed a registration statement (File 2-12778) with the SEC on September 12, 1956, seeking registration of 450,635 shares of its $1 par Common Stock. The company proposes to offer 211,681 shares for public sale at $2 per share; and it also proposes to offer 238,954 shares in exchange for the Class A Stock of Capital Fire and Casualty Company and Common Stock of Allied Investment Corporation.

No underwriting is involved in the public offering of the 211,681 shares; but a selling commission will be allowed to dealers for sales effected by them.

Southwide was organized under Delaware law on June 27, 1956. It proposes to operate as a holding company, deriving its income chiefly from its permanent investments in stocks or other securities of its majority or wholly owned subsidiaries engaged in the fields of life insurance, fire and casualty insurance and installment financing. It now owns 28,200 shares of the Class A common stock of Capital, of Anniston, the entire issue of 40,000 shares of Class B common of Capital, and 24,000 shares of the common stock of Allied, also of Anniston. It has options to acquire additional stock of these companies. The 238,954 shares of Southwide common is to be exchanged for 167,303 shares of Capital in the ratio of 5 shares for each 4 shares of Capital; and for 54,226 shares of Allied stock in the ratio of 11 shares for each 20 shares of Allied stock.

Cash proceeds of the stock sale, estimated at $334,222, are to be used as follows: $56,100 for the purchase of 51,000 shares of Allied stock from Capital at $1.10 per share; $35,000 for the purchase of 14,000 shares of Capital stock from Allied at $2.50 per share; $101,242.50 for the purchase of an additional 40,497 shares of unissued stock of Capital from the issuer at $2.50 per share; and $141,879.50 for the purchase of U. S. Government Bonds.

The prospectus names Elvin C. McCary of Anniston as President and Board Chairman of Southwide. Of the 49,365 outstanding shares, 32,050 are held by Autosurance Underwriters, Inc., and 16,400 by McCary Insurance Agency, Inc., both of Anniston.

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Johns-Manville Corporation, New York, filed a registration statement (File 2-12779) with the SEC seeking registration of 650,000 shares of its $5 par Common Stock. The company proposes to offer common shares in this maximum amount for subscription by its common stockholders of record September 28, 1956, at the rate of one additional share for each 10 shares then held. The public offering price and underwriting terms are to be supplied by amendment. Morgan Stanley & Co. is named as the principal underwriter.

Net proceeds of the sale of the additional common stock will be added to the funds of the company and used from time to time for such corporate purposes as the management may determine. During the last five fiscal years, the company and its consolidated subsidiaries have made capital expenditures approximating $36,000,000; and new plants estimated to cost $23,000,000 are now under construction and the company has announced plans for the construction of additional plants and facilities at an estimated cost of $29,200,000. It is expected that the proceeds of this financing will be used in part for plant expansion and improvements, in part to provide additional working capital and for other corporate purposes.

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