

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 February 21, 1957

Securities Exchange Act Release No. 5456

The Securities and Exchange Commission today announced the issuance of two orders under Section 19(a)(4) of the Securities Exchange Act of 1934 summarily suspending trading in the capital stocks of Great Sweet Grass Oils Limited and of Kroy Oils Limited, respectively, on the American Stock Exchange, for a period of ten days from February 23, 1957 to March 4, 1957, inclusive; and it declared that such action is necessary and appropriate for the protection of investors and to prevent fraudulent, deceptive or manipulative acts or practices.

The summary suspension orders heretofore entered on February 12, 1957 against trading in the two stocks expire at the close of business February 22, 1957. The result of the new orders is that it will continue to be unlawful under Section 15(c)(2) of the Securities Exchange Act of 1934 and the Commission's Rule X-15C2-2 thereunder for any broker or dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, such securities otherwise than on a national securities exchange.

The Commission's action was taken because the questions raised in the Commission's orders and notices of hearings under Section 19(a)(2) of the Act as to alleged false statements in reports filed by both companies with the Commission have not been resolved. The consolidated hearing in these proceedings has been concluded and the evidence in the record is now under review preliminary to the issuance of a decision therein by the Commission.

Under these conditions, the Commission is of the opinion that it would be impossible for the investing public to reach an informed judgment at this time as to the value of the companies' securities, or for trading in such securities to be conducted in an orderly and equitable manner.

In light of the foregoing and other factors, the Commission is of the opinion that the public interest requires the summary suspension of trading in such securities on the American Stock Exchange and that such action is necessary and appropriate for the protection of investors and is necessary in order to prevent fraudulent, deceptive or manipulative acts or practices under the Act.

Securities Exchange Act Release No. 5458

The Securities and Exchange Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer

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registration of Valley State Brokerage, Inc., of Salt Lake City. A hearing for the purpose of taking evidence therein is scheduled for March 7, 1957, in the Commission's Salt Lake City Branch Office.

The broker-dealer registration of Valley State Brokerage, Inc. ("Registrant"), became effective October 9, 1955. It lists Eugene D. Eyre as a director and president of Registrant and owner of 10% or more of its common stock. On February 8, 1957, Registrant filed a report of its financial condition for the year 1956.

In its order authorizing the proceedings, the Commission asserts that information obtained as a result of an investigation conducted by its Staff tends to show that Registrant failed to make and keep current various books and records, as required by Commission rules; that it failed to preserve certain records, as required; that the said report of financial condition is false and misleading with respect to borrowed securities; and that, since approximately August 30, 1956, Registrant and Eyre have repeatedly refused to permit representatives of the Commission to examine its books and records.

At the March 7th hearing, inquiry will be conducted into the foregoing matters for the purpose of determining whether the reported information is true and, if so, whether Registrant has wilfully violated the Securities Exchange Act of 1934 and Commission rules thereunder and whether it is in the public interest to revoke the broker-dealer registration of Valley State Brokerage, Inc.

Holding Company Act Release No. 13389

General Public Utilities Corporation, New York holding company, has applied to the SEC for authorization to make an offering of additional stock to its stockholders; and the Commission has issued an order giving interested persons until March 6, 1957, to request a hearing thereon.

GPU proposes to issue and sell 646,850 additional shares of its common stock, to be offered for subscription by stockholders at the rate of one additional share for each fifteen shares held. The offering will not be underwritten, but GPU will utilize the services of security dealers to solicit the exercise of subscription rights by stockholders and to participate in the disposition of shares, if any, not subscribed for.

Net proceeds realized by GPU from the sale of the additional stock will be applied (a) to repay GPU's outstanding bank loans and (b) to the making of additional investments in GPU's domestic subsidiaries, or to the reimbursement of GPU's treasury for such investments heretofore made, and for other corporate purposes.

Holding Company Act Release No. 13390

The SEC has approved an amendment to the plan for disposition by Standard Shares, Inc., New York, of part of its stock interest in Duquesne Light Company, Pittsburgh, providing an extension of the period within which such disposition must be made.

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Under a plan approved by the Commission on February 16, 1956, and later approved by the United States District Court for the District of Delaware, Standard Shares (formerly Standard Power & Light Corporation) contemplated a reduction of its holdings of Duquesne stock to less than 5% of the outstanding shares of such stock; and not less than 100,000 shares were to be disposed of by March 12, 1957. It now holds 321,000 shares of Duquesne stock, of which about 150,000 shares are said to be low cost tax basis shares; and it expects to acquire during April or May, 1957, an additional 246,500 shares of Duquesne common of which at least 100,000 will be low cost tax basis shares.

Under the amended plan, the time for disposition of the 100,000 shares has been extended to July 1, 1957, subject to approval of the court. Such extension will permit Standard Shares to dispose of 250,000 shares of Duquesne stock by means of one secondary distribution, to be registered under the Securities Act, and will permit it to retain the Duquesne stock with a high cost tax basis, a feature asserted to be essential to its long range investment program.

Holding Company Act Release No. 13391

The SEC has issued an order authorizing American Natural Gas Company, New York, N. Y. holding company, to issue and sell an additional 442,114 shares of its common stock, to be offered for subscription by holders of its outstanding common at the rate of one additional share for each ten shares held. Prior to such offering, American Natural will invite competitive bids for the purchase of shares not purchased pursuant to the exercise of subscription rights, the issuer to determine the subscription price.

The Commission also has authorized Michigan Consolidated Gas Company to issue and sell to American Natural, its parent, an additional 1,786,000 shares of Michigan Consolidated's common stock for \$25,004,000 in cash. Funds for this purpose will be provided through the American Natural common stock financing. Michigan Consolidated further proposes to pay to American Natural a special cash dividend of \$4,998,000 out of its retained earnings, and to issue and sell to American Natural an additional 357,000 shares of its common stock for \$4,998,000. The sale of the 1,786,000 shares for \$25,004,000 will provide Michigan Consolidated with funds to repay or reduce short-term loans incurred for construction purposes and to pay construction costs. The dividend payment and concurrent sale of an additional \$4,998,000 of stock to the parent will have the effect of converting this amount of retained earnings into common stock.

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American Gas and Electric Company, New York holding company, filed a registration statement (File 2-13106) with the SEC on February 20, 1957, seeking registration of 100,000 shares of its \$10 par Common Stock, to be offered under its Stock Purchase Plan to eligible employees of American Gas and its subsidiaries.

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Commercial Credit Company, Baltimore, filed a registration statement (File 2-13107) with the SEC seeking registration of \$25,000,000 of Subordinated Notes due 1977, to be offered for public sale through an underwriting group headed by The First Boston Corporation and Kidder, Peabody & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Net proceeds of the sale of the notes will be used to increase or maintain the working capital of the company, and may be used for the purchase of receivables in the ordinary course of its financing activities, advanced to or invested in subsidiaries for such purposes, advanced to or invested in subsidiaries for such other purposes as relate to their respective businesses, or initially applied to the reduction of short term loans.

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Florida Telephone Corporation (Ocala) today filed a registration statement (File 2-13108) with the SEC seeking registration of 128,918 shares of its \$10 par Common Stock. The company proposes initially to offer these shares for subscription by its stockholders of record March 12, 1957, at the rate of one share for each three shares then held. In addition, certain officers and employees of the company will have the right to subscribe to not more than 3,000 of the unsubscribed shares. The subscription price and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane are named as the principal underwriters.

Net proceeds of the stock sale will be used to retire \$1,500,000 of outstanding short term bank loans which were incurred in connection with the company's Construction and Improvement Program. The balance of the proceeds will be added to the general funds of the company and it is intended that such funds will be available for construction, expansion and modernization of facilities. The company estimates that its Construction and Improvement Program will involve, on the basis of current costs, the expenditure of approximately \$11,000,000 over the three years 1957-1959.

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Amendments were filed on February 20, 1957 to the following registration statements seeking registration of additional securities as indicated:

Federated Plans, Inc., Boston investment company (File 2-12125)
\$50,000,000 Systematic Investment Plans
\$ 2,000,000 Fully-Paid Plans

Wellington Fund, Inc., Claymont, Del. investment company (File 2-11444)
10,000,000 shares Common Stock, \$1 par value

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