

# 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

May 1, 1957

## Securities Exchange Act Release No. 5506

The Securities and Exchange Commission today announced the issuance of a decision ordering a 30-day suspension of George Vincent Grace, doing business as G. V. Grace Company, East Norwich, L. I., New York, from membership in the National Association of Securities Dealers, Inc., for failure to file reports of his financial condition for the years 1949, 1951, 1953 and 1955, as required by Commission rules, notwithstanding repeated reminders of such requirements. The suspension is effective May 6, 1957.

Such failure to file reports constituted a willful violation of the reporting requirements; and, upon the basis thereof, the Commission's staff had urged the revocation of Grace's broker-dealer registration. However, the Commission noted that Grace's activities as a broker and dealer have been confined to selling mutual fund shares on a part-time basis, and that he had filed reports for the years 1950, 1952, 1954 and 1956. Under the circumstances, the Commission observed, and giving due recognition to the fact that the willful violations and the suspension order based thereon may be taken into consideration in the event of any subsequent violation of the reporting requirements or other rules of the Commission, the Commission concluded that the 30-day suspension was a sufficient sanction.

## Securities Exchange Act Release No. 5507

The Securities and Exchange Commission today announced the revocation of the broker-dealer registration of Paul Scarborough, Jr., of Hampton, Virginia, based upon his conviction on December 4, 1956, in the Eastern District of Virginia, at Norfolk, of felonious violations of the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 involving the misappropriation of customers' funds and securities. He had received a seven-year imprisonment sentence for these violations. Scarborough also was permanently enjoined by judgment of the same court, dated October 25, 1956, from engaging in fraudulent practices in connection with the purchase and sale of securities.

The Commission also expelled Scarborough from membership in the National Association of Securities Dealers, Inc.

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Coastal States Gas Producing Company, Corpus Christi, Texas, filed a registration statement (File 2-13297) with the Securities and Exchange Commission on April 30, 1957, seeking registration of \$5,000,000 of 5½% Sinking Fund Debentures, due June 1, 1977, with Common Stock Purchase Warrants for 300,000 shares of Coastal States \$1 par common stock. The debentures (with warrants) are to be offered for

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public sale through an underwriting group headed by Paine, Webber, Jackson & Curtis and Blair & Co. The public offering price and underwriting terms are to be supplied by amendment. The warrants will entitle the holder to purchase common stock at the rate of 60 shares for each \$1,000 of debentures (at a price to be supplied by amendment).

Coastal States was organized under Delaware law in November, 1955, to provide a corporate organization to acquire, further develop and operate interests in gas gathering systems and oil and gas properties owned by O. S. Wyatt, Jr., President and Board Chairman, of Corpus Christi, Texas, and others. The principal properties acquired by Coastal States had been developed and operated by Wymore Oil Company, a partnership composed of Wyatt and A. A. Moore, which properties were transferred to Coastal States in exchange for stock and the assumption and incurrence by Coastal States of certain indebtedness and obligations. A total of 1,022,000 common shares and 310,000 Class B shares were transferred to Wyatt and associates, and the company assumed or incurred indebtedness of \$1,013,385. 1,291,433 common shares are outstanding.

With the proceeds of this financing, Coastal States proposes to pay bank indebtedness of \$2,425,000 incurred in the acquisition of the capital stock of Gas Gathering Company, the Duval County Ranch Company and John C. Robbins Field leases, and the construction of the Texas City, the Midway, Carancahna Bay and other gas gathering systems. The balance of the proceeds have not been allocated to particular purposes and will be added to general funds of the company to be available for the construction and acquisition of additional gas gathering systems, the development of existing oil and gas leases, the acquisition and development of additional properties, and for working capital.

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Continental Gin Company, Birmingham, Ala., filed a registration statement (File 2-13298) with the Securities and Exchange Commission on April 30, 1957, seeking registration of 143,298 shares of its no par Common Stock. The company proposes to offer this stock for subscription at \$30 per share by holders of its outstanding common stock, at the rate of one additional share for each share held on the record date (to be supplied by amendment). Courts & Co., of Atlanta heads a list of 21 underwriters.

The company in 1956 initiated a program of capital expenditures involving an estimated total of \$4,400,000 to expand and diversify its various operations. Proceeds of this financing will be spent over a three year period, on machinery and equipment for plants located at Birmingham and Prattville, Alabama, and Dallas, Texas, and for increasing plant facilities at Atlanta, Georgia, and Memphis, Tennessee.

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Moore Products Co., Philadelphia, filed a registration statement (File 2-13299) with the Securities and Exchange Commission on April 30, 1957, seeking registration of 41,204 shares of its \$1 par Common Stock. The company proposes to offer this stock for subscription at \$10 per share by certain of its employees and officers. Of these shares, 27,216 are to be offered to retire 972 outstanding Class B common shares held by employees, and 13,988 offered for cash. The cash proceeds will be available for general corporate purposes.

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In a separate registration statement (File 2-13300), Moore Products Co. seeks registration of an additional 100,000 common shares, to be offered for public sale through an underwriting group headed by Hemphill, Noyes & Co. and Parrish & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company's business is the development, manufacture and sale of industrial instruments and pneumatic comparator gages. Net proceeds of the sale of the 100,000 common shares will be added to general funds of the company and will be available for such general corporate purposes as the management may determine, including capital improvements. According to the prospectus, an increased volume of business has created a need for new production facilities.

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Prudential Investment Corporation of South Carolina (Columbia), newly organized investment company, filed a registration statement (File 2-13301) with the SEC on April 30, 1957, seeking registration of 209,612 shares of its common stock, to be offered for public sale at \$1.20 per share. J. C. Todd of Columbia is listed as President and Board Chairman.

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Metropolitan Edison Company, Muhlenberg Township, Berks County, Penna., filed a registration statement (File 2-13302) with the SEC on April 30, 1957, seeking registration of \$19,000,000 of First Mortgage Bonds, Series due 1987, to be offered for public sale at competitive bidding. Of the net proceeds, \$2,500,000 will be used (together with \$1,400,000 of treasury funds) to prepay \$3,900,000 of 1954 Credit Agreement borrowings from banks; and the balance will be applied to the 1957 construction program of the company and to repay short-term bank borrowings effected in 1957, the proceeds of which were used for 1957 construction purposes. The company's 1957 construction program contemplates expenditures of approximately \$28,050,000.

#### Holding Company Act Release No. 13457

Alabama Power Company (Birmingham) has received SEC authorization to issue and sell \$14,500,000 of bonds at competitive bidding. Alabama Power proposes to issue \$14,500,000 of First Mortgage Bonds, Series due 1987, and to use the net proceeds for property additions and improvements. The company estimates its 1957 construction expenditures at \$48,708,000. Part of the required funds will be obtained from the sale in 1957 of an additional \$8,500,000 of stock to Alabama Power's parent, The Southern Company.

#### Holding Company Act Release No. 13459

Southern Services, Inc. (New York), has received SEC authorization to issue and sell an additional 1,975 shares of its \$50 par common stock, at par. Southern Services is a mutual service company in The Southern Company System. The stock is to be sold to System companies, as follows: 778 shares to Alabama Power Company; 998 shares to Georgia Power Company; 158 shares to Gulf Power Company; 141 shares to Mississippi Power Company. Proceeds are to be used to supplement the service company's working capital.

(Continued)

Holding Company Act Release No. 13458

The Potomac Edison Company (Frederick and Hagerstown, Md.) has received SEC authorization to issue and sell at competitive bidding \$14,000,000 of First Mortgage and Collateral Trust Bonds, due 1987. Net proceeds will be used in part to finance the company's construction and in part to make additional investments in subsidiaries for the purpose of assisting them in financing their construction programs.

Investment Company Act Release No. 2519

The Securities and Exchange Commission has issued an exemption order permitting National Aviation Corporation, New York investment company, to acquire not to exceed 20,000 of the 250,000 shares of common stock of KLM Royal Dutch Airlines (Koninklijke Luchtvaart Maatschappij N.V.) proposes to offer for public sale in the United States.

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Uranium Corporation of America (Boulder, Montana) filed a registration statement (File 2-13303) with the SEC on April 30, 1957, seeking registration of 1,250,000 shares of its 10¢ par Common Stock. The public offering price of these securities, together with the name of the underwriter and the underwriting terms, are to be supplied by amendment. The offering is to be made by the underwriting on a best efforts basis.

The company was organized under Montana law in September, 1955, for the purpose of acquiring, exploring and developing uranium and other mining properties. According to the prospectus, it has acquired several uranium properties which are of prospective interest for possible occurrences of commercial deposits of uranium ore; however, its initial objective is exploration for ore deposits of any type. The majority of the properties is located on the Boulder batholith in Montana between Butte and Helena. The properties are without material reserves of proven or probable ore, and the company's work thereon has been exploratory. Assuming that all of the 1,250,000 shares are sold and that all warrants and options to purchase shares presently outstanding are exercised, there will then be outstanding 4,547,695 shares. Of these, holders of the warrants and options will own 1,584,345 shares (35%) for which they will have paid \$158,434.50 in cash. Public investors who acquired 1,713,350 shares heretofore offered to the public, for which they paid \$171,350 in cash, will hold approximately 38% of the shares; and the public investors who purchase the 1,250,000 shares will hold approximately 27% of the then outstanding stock.

Proceeds of the stock sale will be used for exploration purposes. Graham Albert Griswold of Portland, Oregon, is listed as president. A group of 29 business and professional people started the enterprise.

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Allegheny Ludlum Steel Corporation (Pittsburgh) and the Allegheny Ludlum Steel Corporation Thrift Plan filed a registration statement (File 2-13304) with the SEC on April 30, 1957, seeking registration of 8,000 shares of Allegheny Ludlum common stock, to be offered for subscription by eligible salaried employees of the company.

(Continued)

International Business Machines Corporation (New York) today filed a registration statement (File 2-13305) with the SEC seeking registration of 1,050,223 shares of its no par Capital Stock. The company proposes to offer this stock for subscription by holders of outstanding capital stock of record May 21, 1957, at the rate of one new share for each ten shares then held. The subscription price and underwriting terms are to be supplied by amendment. Morgan Stanley & Co. is listed as the principal underwriter.

Net proceeds of this financing will be added to the general funds of IBM and will be available for anticipated capital expenditures and as working capital. During the past five years, the company expended \$686,882,000 for the acquisition and replacement of property, plant and equipment, of which \$208,443,000 was spent in 1956. Such capital expenditures were principally for rental machines and parts. It is estimated that capital expenditures for 1957 will substantially exceed those made in 1956.

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Virginia Electric and Power Company (Richmond) today filed a registration statement (File 2-13306) with the SEC seeking registration of 1,000,000 shares of its \$8 par Common Stock, to be offered for public sale at competitive bidding. Net proceeds will be used to provide for construction expenditures or to reimburse the company's treasury therefor. Construction expenditures for 1957 are estimated at \$70,000,000 (of which \$15,000,000 was expended through March 31).

Acme Steel Company (Riverdale, Ill.) today filed two registration statements (Files 2-13307 and 2-13308) with the SEC seeking registration of (1) 396,079 shares of its \$10 par Common Stock and (2) \$22,000,000 of Sinking Fund Debentures due 1977. The debentures are to be offered for public sale through an underwriting group headed by Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane. The interest rate, the public offering price and underwriting terms are to be supplied by amendment. Acme proposes to offer the common stock for subscription by holders of its outstanding common stock, at the rate of one new share for each six shares held of record May 21, 1957. The subscription price and underwriting terms are to be supplied by amendment. The same two underwriting firms head the list of underwriters.

The company presently has outstanding \$17,000,000 of notes due March 19, 1958, evidencing borrowings from banks in the last half of 1956 and early in 1957. Of this amount \$8,300,000 was applied to the repayment of previously outstanding long term bank loans, \$6,500,000 was applied to the partial payment of the purchase price of \$16,450,000 for the assets of Newport Steel Corporation, and the balance of \$2,200,000 was used to increase working capital. The remaining \$9,950,000 of the purchase price for the Newport assets was paid out of the net proceeds of approximately \$12,425,000 from the sale by the company of 400,000 shares of common stock in September, 1956.

Net proceeds of the sale of the debentures and common stock will be added to the general funds of the company and applied to the prepayment of the \$17,000,000 of notes. The balance of such proceeds will be used for other corporate purposes, including part of the cost of the new facilities. The company anticipates that the balance of such proceeds plus retained earnings and provisions for depreciation and amortization will be sufficient under normal business conditions to meet the anticipated \$23,000,000 cost of such facilities without any additional long-term financing being necessary.