

# 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.

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FOR RELEASE

## Securities Act Release No. 3788

The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Lockhart Basin Uranium Corporation, Ogden, Utah. 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 with respect to public offerings of securities not exceeding \$300,000 in amount. Lockhart filed its Regulation A notification on March 4, 1955, proposing the public offering of 2,500,000 shares of its common stock at 10¢ per share pursuant to such exemption.

In its suspension order, the Commission asserts that (1) Lockhart did not comply with the terms and conditions of Regulation A, in that it failed to file the required semi-annual reports reflecting the amount of shares sold and the use to which the proceeds were applied; and (2) the company's offering circular failed to include certain material facts, including the intention of the named underwriter to cease acting as such, the status of the underwriting agreement, and the relationship of the underwriter to Lockhart and the offering. The use of said offering circular without appropriate disclosure of these matters "would operate as a fraud and deceit upon purchasers" of Lockhart stock, the order stated.

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Gibbs Automatic Moulding Corporation, Henderson, Ky., filed a registration statement (File 2-13362) with the SEC on May 22, 1957, seeking registration of \$1,000,000 of 6% Convertible Debentures, due March 31, 1967. The debentures are to be offered for public sale at 100% of principal amount. The offering is to be made by Cook Enterprise, Inc., of Terre Haute, Ind., on a best efforts basis, for which it will receive a selling commission of 5%.

Gibbs Automatic was organized on January 4, 1956 by Robert K. Gibbs, company president, to conduct "diversified plastic moulding operation together with a fully integrated business of die casting zinc and aluminum with complete plating facilities." The primary purpose of this debenture offering is to finance a general expansion of the company's activities, including maintaining inventories, carrying larger accounts receivable, purchasing new dies and equipment, and promoting its products. Approximately \$250,000 of the proceeds is slated for additional working capital thus permitting the maintenance of adequate inventories, and avoiding short-term operational loans; \$250,000 for acquisition of additional machinery and equipment and the purchase

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of new tools, dies and fixtures; \$250,000 for general corporate purposes including advertising and promotion of the company's products; and the balance of some \$190,000 for the payment of its Small Business Administration loan.

Summary of Holding Company Act Release No. 13480

The Securities and Exchange Commission today announced the issuance of a decision approving the proposed merger of five of the electric subsidiaries of New England Electric System, Boston holding company. The five companies involved are Amesbury Electric Light Company, Essex County Electric Company, Haverhill Electric Company, Lawrence Electric Company, and The Lowell Electric Light Corporation.

Merger of the five companies was proposed by NEES in pursuance of its policy to merge its utility subsidiaries so as to have larger and more efficient subsidiaries. The constituent companies operate in contiguous and closely related geographical areas, all in Massachusetts. The resultant company, to be called Merrimack-Essex Electric Company, will provide a more suitable and more economical vehicle for future financing and will be able to effect operating economies and render improved service to consumers.

Under the terms of the merger, holders of the outstanding stock of Essex County Electric will continue to retain such stock. Holders of stock in the other four merging companies will receive stock of Merrimack, as follows: 1-5/8 shares of Merrimack stock for each share of Amesbury stock; 1-7/8 shares of Merrimack for each share of Haverhill; 1-1/4 shares of Merrimack for each share of Lawrence; and 2-1/2 shares of Merrimack for each share of Lowell. The Commission found the proposed exchange ratios fair both to NEES and the minority stockholders of each of the merging companies. Before consummation of the merger, it is necessary to obtain the consent of the holders of two-thirds of the outstanding stock of Lowell, as well as approval of the Massachusetts Department of Public Utilities.

NEES presently owns stock of the subsidiaries, as follows: 99.7% of the outstanding shares of Amesbury; 97.6% of Essex County; 69.3% of Haverhill; 90.7% of Lawrence; and 61.4% of Lowell. As the result of the merger, NEES will hold 80.6% of the then outstanding stock of Merrimack and the public 19.4%. NEES has stated that it will file a further program to eliminate the minority interests in all its subsidiaries, including Merrimack, within 120 days of the consummation of this merger.

Copies of the text of the Commission's decision (Release No. 13480), may be obtained upon request.

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