

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.

June 28, 1957

FOR RELEASE

Securities Act Release No. 3805

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following companies:

Arliss Plastics Corporation, Brooklyn, N. Y.

Arliss filed its Regulation A notification on October 12, 1955, proposing the public offering of 150,000 shares of common stock at \$2 per share.

Union-Gulf Oil & Mining Corporation, Grand Junction, Colo.

In its Regulation A notification, filed September 9, 1955, Union-Gulf proposed the public offering of 600,000 shares of its common stock at 50¢ per share.

Each of the suspension orders 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 under the Securities Act with respect to public offering of securities not exceeding \$300,000 in amount. In the orders suspending such exemption with respect to the offerings of securities by Arliss and Union-Gulf, the Commission asserts that the respective companies failed to comply with certain terms and conditions of Regulation A. Furthermore, it is alleged that the notification filed by Union-Gulf and the offering circular and other sales literature of Arliss, as well as certain oral representations made in connection with the offering of Arliss stock, were false and misleading in respect of material facts.

More particularly, in the case of Arliss, the Commission's order charges (1) that Arliss' offering circular and other sales literature contained false and misleading information with respect to arrangements to reimburse the underwriter for certain expenses and concerning a contemplated merger of Arliss with, or sale of assets by Arliss to, another concern; and (2) that materially false and misleading statements were made orally in representing, among other things, that (a) purchasers of Arliss stock would get a dividend in December, 1956, (b) Arliss stock would go on the American Stock Exchange at \$5 a share in January, 1957, (c) Arliss stock would double in value in a short time, (d) Arliss would pay wonderful dividends, (e) Arliss would merge with a listed company, (f) Arliss would merge, (g) after Arliss merged, Arliss stock would be worth \$4 per share, and (h) Arliss had wonderful prospects due to new management. The employment of such oral representations and use of the offering circular and other sales literature in connection with the

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offering of Arliss stock, the Commission charged, "would and did operate as a fraud and deceit upon the purchasers." It was also alleged in the order that Arliss failed to comply with Regulation A in that its notification failed to state the jurisdictions (states) in which the securities were to be offered, as required; and, in connection with the stock offering, use was made of written communications, namely, reprints of a newspaper article relating to Arliss, which were not filed with the Commission, as required.

In the case of Union-Gulf, the Commission's order asserts (1) that the terms and conditions of Regulation A were not complied with, in that Union-Gulf's notification failed to contain the required information with respect to unregistered securities of Union-Gulf sold on behalf of its affiliates within one year prior to the filing of the notification; and (2) that the notification contains false and misleading information concerning securities of Union-Gulf sold on behalf of affiliates within one year prior to such filing.

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Horace Mann Fund, Inc., Springfield, Ill., newly organized investment company, filed a registration statement (File 2-13450) with the SEC on June 27, 1957, seeking registration of 100,000 shares of its \$1 par Capital Stock. The prospectus names Horace Mann Investors, Inc., as distributor and investment manager. The president is Charles F. Martin, Des Moines, Iowa; and he is also president and director of Horace Mann Investors, Inc.

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Inland Steel Company, Chicago, today filed a registration statement (File 2-13451) with the SEC seeking registration of \$50,000,000 of First Mortgage Bonds, Series K, to be offered for public sale through an underwriting group headed by Kuhn, Loeb & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the bonds will be added by Inland to its general funds and used in connection with the current construction and improvement program of Inland and its subsidiaries, which involves an estimated expenditure of approximately \$280,000,000 during the three-year period ending December 31, 1958. Approximately \$66,000,000 of these expenditures were incurred in 1956.

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Kaiser Industries Corporation, Oakland, California, today filed a registration statement (File 2-13452) with the SEC seeking registration of 1,511,487 shares of its \$4 par Common Stock. These shares are shares issuable upon exchange (conversion) of Collateral Trust 5-3/4% Bonds, Series A, due January 15, 1969, of Henry J. Kaiser Company. The latter, a wholly owned subsidiary of Kaiser Industries, entered into agreements dated January 26, 1957, with 19 institutions for the issuance and sale of \$25,000,000 of such bonds, which were issued and sold in February and April, 1957. As security for the bonds, Kaiser Company and Kaiser Industries have pledged substantially all of their holdings in subsidiary or affiliated companies, subject only to the prior lien of the Term Bank Loan and Revolving Credit.

By the terms of the Indenture securing such bonds, Kaiser Industries has guaranteed the bonds and the bonds are convertible into or exchangeable for common

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stock of Kaiser Industries, at conversion prices commencing at \$17 if converted on or before January 15, 1960, \$18 if before January 15, 1963, \$19 if before January 15, 1966, and \$20 if before January 15, 1969. Certain subsequent developments resulted in slight reductions in these conversion prices. The prospectus states that, to the knowledge of Kaiser Industries, none of the bondholders has made any arrangements for the sale through underwriters of common stock issuable upon exchange (conversion) of the bonds.

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Pacific Gas and Electric Company, of San Francisco, today filed a registration statement (File 2-13453) with the SEC seeking registration of \$60,000,000 of First and Refunding Mortgage Bonds, Series BB, due June 1, 1989, to be offered for public sale at competitive bidding. Net proceeds of the sale of the bonds will become a part of the treasury funds of the company and will be applied toward the cost of additions to the utility properties of the company. Following the sale of the bonds, the company proposes to retire approximately \$60,000,000 of its short-term bank loans obtained for temporary financing of such additions. Such bank loans are expected to approximate \$70,000,000 at the time such net proceeds are received. It is estimated that gross expenditures for construction will amount to approximately \$200,000,000 in 1957 and approximately \$190,000,000 in 1958.

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