

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 July 7, 1958

Statistical Release No. 1541

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks the week ended July 3, 1958, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1958, is as follows:

	<u>1939=100</u>		<u>Percent Change</u>	<u>1958</u>	
	<u>7/3/58</u>	<u>6/27/58</u>		<u>High</u>	<u>Low</u>
Composite	335.4*	331.2	+1.3	335.4	299.0
Manufacturing	418.0*	412.1	+1.4	418.0	373.3
Durable Goods	366.7*	361.7	+1.4	366.7	332.2
Non-Durable Goods	457.4*	450.9	+1.4	457.4	402.2
Transportation	261.5*	259.6	+0.7	261.5	219.7
Utility	173.0*	171.9	+0.6	173.0	155.5
Trade, Finance & Service	311.5*	306.8	+1.5	311.5	263.2
Mining	325.7*	322.7	+0.9	325.7	261.3

*New High

AMERICAN INVESTMENT TRUST FILES INVESTMENT PLANS

American Investment Trust, sponsored by Axe-Houghton Stock Fund, Inc., Tarrytown, N.Y., investment company, filed a registration statement (File 2-14244) with the SEC on July 3, 1958, seeking registration of \$5,000,000 of plans for the accumulation of shares of Axe-Houghton Stock Fund, Inc.

IDAHO POWER PROPOSES COMMON STOCK OFFERING

Idaho Power Company, Boise, Idaho, filed a registration statement (File 2-14245) with the SEC on July 3, 1958, seeking registration of 350,000 shares of Common Stock, \$10 par. The terms of the underwriters, the underwriting terms, and the public offering price are to be supplied by amendment. The net proceeds from the sale of the stock will be used for partial payment of short-term bank loans heretofore made for interim financing of construction of new operating facilities.

COLUMBIA GAS INTRA-SYSTEM FINANCING PROPOSALS CLEARED

The SEC has issued an order authorizing The Manufacturers Light and Heat Company, Pittsburgh, Pa., and The Ohio Fuel Gas Company, Columbus, Ohio, to issue and sell common stock and notes to their parent company, The Columbia Gas System, Inc., New York. Manufacturers will issue 1 to Columbia 130,000 shares of its \$50 par common stock (aggregate par value \$6,500,000) and \$900,000 principal amount of installment notes; and Ohio will issue and sell to Columbia 100,000 shares of its \$45 par common stock (aggregate par value \$7,200,000) and \$16,300,000 principal amount of installment notes.

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In a separate order the Commission authorized Columbia to issue to a group of eighteen commercial banks unsecured promissory notes in an aggregate amount not exceeding \$50,000,000. Columbia will advance the money obtained from the sale of the notes to six of its subsidiaries to finance their purchases of inventory gas.

HOUSTON CORP. FILES FINANCING PROPOSAL

The Houston Corporation, St. Petersburg, Fla., filed a registration statement (File 2-14246) with the SEC on July 3, 1958, seeking registration of \$36,188,000 of Subordinated Debentures due August 1, 1968, and 1,809,400 shares of \$1 par Common Stock. The company proposes to offer these securities for public sale in units each consisting of \$100 principal amount of debentures and 5 shares of common stock. The interest rate on the debentures, and the public offering price and underwriting terms of the units are to be supplied by amendment. Blyth & Co., Inc., Lehman Brothers Allen & Co., and Scharff & Jones, Inc., are listed as the principal underwriters.

Houston Corp. was organized under the laws of Florida on March 19, 1957. It owns all of the stock of Coastal Transmission Corporation and Houston Texas Gas and Oil Corporation, which corporations propose to construct facilities which will constitute a mainline pipeline system for the transportation of natural gas from the Gulf Coast producing areas of Texas and Louisiana to markets in penninsular Florida. Houston Corp. has contracted to acquire at least 80% of the outstanding common stock of Jacksonville Gas Corporation, a company distributing manufactured gas in Jacksonville the existing manufactured gas distribution systems serving Miami, Lakeland, Daytona Beach, Orlando, and Winter Park, and systems distributing liquefied petroleum gas in certain other smaller communities in Florida. The company intends to convert these distribution systems to serve natural gas as soon as the pipeline system is in operation (except that it has no present plans as to the time when Daytona Beach will be converted).

The Initial Pipeline System will have a daily average delivery to the Florida markets of approximately 282,000 MCF of gas and a maximum daily delivery of approximately 286,000 MCF. The estimated cost of the facilities is approximately \$161,000,000 based on present costs, including a provision of some \$3,700,000 for contingencies but excluding \$1,566,000 of working capital requirements. The system is designed for expansion to a daily average delivery of 411,000 MCF of gas.

The present financing also includes the proposed offering (on terms to be supplied by amendment) of 818,333 shares of common stock and 575,869 shares of Class A stock to holders of outstanding common, on the basis of 1.51 shares for each share of common stock held and approximately 1.5 shares of Class A stock for each 381,273 Class A shares held. (The right to subscribe with respect to 133,850 outstanding Class A shares has been waived.) Furthermore, \$511,500 of debentures and an unspecified amount of common shares (to be supplied by amendment) will be issued in connection with the acquisition of outstanding common stock of Jacksonville Gas; and the company has a bank loan commitment providing for a revolving credit in the amount of \$10,000,000 for conversion and expansion of the company's distribution systems and for loan to Houston Texas Gas for use in converting power plants of Florida Power & Light Company.

System financing included (1) the sale to institutional investors by Coastal Transmission of \$39,200,000 of 5½% bonds due 1979 and by Houston Texas Gas of \$63,200,000 of 5½% bonds due 1979; (2) the sale to Houston Corp. by Coastal Transmission of 749,700 common shares at \$10 per share and \$11,609,000 of 5½% interim subordinated notes due 1963; (3) bank borrowings by Coastal Transmission in the amount of \$4,000,000; (4) the sale to Houston Corp. by Houston Texas Gas of 1,481,710 shares of \$10 par common stock and \$20,183,200 of 5½% interim subordinated notes; and (5) borrowings by Houston Texas Gas of \$1,200,000 of 4¼% interest from Houston Corp. to cover the cost of the intallation of conversion equipment in certain Florida Power plants.

With respect to the purchase of Jacksonville Gas, the company has agreed to deliver \$381,600 of debentures and an unspecified number of common shares, plus \$1,823,320, in exchange 278,940 shares of Jacksonville Gas common deposited by certain stockholders of that corporation. It is also offering \$129,900 of debentures and an unspecified number of common shares, together

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with \$136,140 in cash, for shares of Jacksonville Gas common not deposited (41,120 shares), or per share in cash.

Of the net proceeds to Houston Corp. of its sale of the common and Class A stock to present stockholders and of the units to the public, the company will utilize (i) \$19,106,000 to purchase the notes and common stock of Coastal Transmission; (ii) \$35,000,300 to purchase from Houston Texas Gas its notes and common stock; (iii) \$1,834,975 to be deposited with the trustee of the debenture indenture for the first two interest payments on the debentures; and (iv) approximately \$10,346,540 as an aggregate cash portion of the purchase price of the distribution properties and the Jacksonville Gas stock. The remainder will be added to the company's general funds and will be used for working capital in the operation of the distribution systems and other corporate requirements, including the retirement of the first mortgage 4% bonds of Jacksonville Gas if deemed desirable.

Coastal Transmission will use the net proceeds of its sale of securities, approximating \$7,896,000, for construction of its portion of the initial pipeline system, working capital, and other corporate requirements. In addition, it plans to finance the cost of gas payments prior to the estimated date of completion of the initial pipeline system under "take-or-pay" provisions of certain of its gas purchase contracts by bank loans of \$4,000,000. Houston Texas Gas will use the aggregate net proceeds of its sale of securities (\$102,586,000), for the repayment of \$6,000,000 of bank loans and \$225,000 of short-term notes held by certain stockholders of Houston Corp., the construction of its portion of the initial pipeline system, working capital, and other requirements. It also proposes to borrow funds from Houston Corp. to cover the cost of installation of conversion equipment in certain Florida Power plants.

The prospectus lists F. E. Stanley as president and board chairman. Officers and directors hold, in the aggregate, 184,671 shares (33.65%) of the common stock and 1,756,480 shares (6.83%) of the Class A stock now outstanding. The largest holdings of common stock are by H. S. Beck Young and members of her family (121,616 shares, or 22.16%) and F. E. Stanley and other persons associated with Midwestern Constructors, Inc., and members of their families (55,044 shares, or 10.03%). The largest Class A holders are John M. Harbert, III (403,520 shares, or 19.95%); the Stanley group (351,440 shares or 17.37%); and Theodore Rinehart and persons associated with him (32,060 shares, or 11.47%).

SOUTH AFRICAN INVESTMENT COMPANY APPLIED FOR REGISTRATION

American-South African Investment Trust, Ltd., Johannesburg, South Africa, has applied to the SEC for permission to register as an investment company under the Investment Company Act of 1940 and to make a public offering of its securities in the United States, and the Commission has scheduled the application for hearing on July 23, 1958.

The company has been organized for the purpose of engaging in business as a closed-end diversified management investment company investing in the main in the securities of South African companies engaged in gold mining and related activities. It may also invest, to a limited extent, in gold bullion. Its presently authorized capital stock consists of one hundred shares of 10 pounds par value. All shares have equal voting rights and will entitle the holder to one vote in the election of directors and all other matters. The company contemplates, if the application is granted, making a public offering in the United States of its common stock, through an underwriting group managed by Dillon, Reed & Co., Inc., to obtain at least \$30,000,000 for its investment purposes.

Section 7 (d) of the Investment Company Act among other things prohibits a foreign investment company from selling its securities to the public through the mails or any means or instrumentalities of interstate commerce unless the Commission, upon application, issues a conditional or unconditional order permitting such company to register under the Act and to make a public offering of its securities in the United States. To issue such an order the Commission must find by reason of special circumstances or arrangements, it is both legally and practically feasible to enforce the provisions of the Act against such company and that the issuance of

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such order is other wise consistent with the public interest and the protection of investors. The company has made various undertakings and agreements which, together with the provisions of its charter and by-laws, the South African Companies Act, and the South African common law, have been submitted by the company as special circumstances and arrangements justifying the entry of the requested order. The hearing will be directed particularly to the questions whether such special circumstances or arrangements exist as to make it legally and practically feasible effectively to enforce the Investment Company Act against the company, whether entry of the requested order is consistent with the public interest and the protection of investors, and whether it is necessary or appropriate in the public interest and for the protection of investors to attach terms and conditions to the requested order and, if so, the nature of such terms and conditions.

SEABOARD FINANCE OFFERS STOCK TO EMPLOYEES

Seaboard Finance Company, Los Angeles, filed a registration statement (File 2-14247) with the SEC on July 3, 1958, seeking registration of 50,000 shares of its Common Stock, \$1 par, to be offered for subscription and purchase by employees. The offering price will be supplied by amendment. The proceeds to be received by the company from the sale of the stock will be represented primarily by notes of the purchasing employees secured by the stock. The cash received by the company from purchasers and from liquidation of their notes will be added to the company's working capital to provide additional funds for lending to customers and purchasing sales contracts in the ordinary course of business.

OWENS & CO. HEARING SCHEDULED

The SEC today announced that it had scheduled a hearing for August 15, 1958, in its Denver Regional Office, in the proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Owens & Co., of Denver, Colorado, should be revoked. As reported in the SEC News Digest of February 19, 1958 (Securities Exchange Act Release No. 5645), the order for proceedings asserts that Owens & Co. engaged in the conduct of a securities business in violation of the Commission's net capital rule, which is designed to protect investors by safeguarding the financial responsibility of broker-dealer firms. Owens & Co. was enjoined on January 24, 1958, by decree of the United States District Court for the District of Colorado from engaging in and continuing such activity.

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