

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.

(In ordering full text of Releases from Publications Unit, cite number)

(Issue No. 64-4-3)

FOR RELEASE April 3, 1964

SEC ORDER CITES FUND INVESTMENTS. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the following broker-dealer firms: (1) Fund Investments, Inc., of Florida, 1244-46 East Hillsborough Avenue, Tampa, Fla., and (2) Fund Investments, Inc., 1301 East Morehead St., Charlotte, N. C. Also named as respondents are Sister Perfection and Marjorie G. Hugo, president and secretary-treasurer, respectively, of both firms. The Florida firm has been registered with the Commission as a broker-dealer since February 1958 and the North Carolina firm since March 1959. Both firms are members of the National Association of Securities Dealers, Inc.

The proceedings are based upon staff charges that the two firms and the two individuals engaged in activities violative of the anti-fraud provisions of the Federal securities laws, as well as provisions of the Commission's net capital, record-keeping and financial reporting requirements. The alleged violations of the anti-fraud provisions involve transactions in mutual fund shares, personal promissory notes of the two individuals and capital stock of Fund Investments, Inc.

A hearing will be held, at a time and place to be announced, to take evidence on the staff charges in these consolidated proceedings and afford the respondents an opportunity to establish any defenses thereto, for the purpose of determining whether the alleged violations occurred and, if so, whether any administrative action of a remedial nature is appropriate in the public interest.

MICHIGAN CONSOLIDATED FILES FINANCING PROPOSAL. Michigan Consolidated Gas Company has filed a proposal with the SEC under the Holding Company Act for the issuance and sale of 500,000 additional shares of common stock to its parent American Natural Gas Company, for \$7,000,000, and for the issuance and sale, at competitive bidding, of \$30,000,000 of first mortgage bonds due 1989; and the Commission has issued an order (Release 35-15045) giving interested persons until May 4 to request a hearing thereon. The proceeds from the sale of the bonds and stock are to be used to retire outstanding short-term notes payable to banks, which were issued for construction purposes and which aggregated \$13,500,000 at the end of 1963, and to finance, in part, the company's 1964 construction program, estimated at \$54,781,000.

NOLO PLEAS ENTERED BY NAT'L SECURITY LIFE. The SEC Chicago Regional Office announced March 27 (LR-2885) that National Security Life Insurance Company, Indianapolis, and individual defendants, Richard A. Larson and Ewing L. Cox, withdrew their not guilty and entered nolo contendere pleas to two counts of indictment charging violations of Securities Act anti-fraud provisions and one count charging violation of Securities Exchange Act anti-manipulative provisions; and that defendant Samuel B. Huffman entered a nolo contendere plea to violating said anti-manipulative provisions - all in sale of corporate defendant's stock. Sentencing deferred until pre-sentence investigation.

MEAD CORP. FILES FOR SECONDARY. The Mead Corporation, 118 W. First St., Dayton, Ohio, filed a registration statement (File 2-22245) with the SEC on March 30 seeking registration of 54,000 outstanding shares of common stock. The present holder thereof, The Talbott Corporation, proposes to make a public offering of the shares through Drexel & Co., 1500 Walnut St., Philadelphia, and four other firms. The proposed offering price (\$50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged principally in the manufacture and sale of white papers, paperboard and converted paperboard products, and the conversion and sale of kraft linerboard. In addition to indebtedness and preferred stock, it has outstanding 5,702,556 common shares, of which management officials as a group own 2.2%. The prospectus lists G. H. Pringle as president and J. W. McSwiney as executive vice president. The selling stockholder, being in the process of liquidation, is offering its entire holdings. Certain officers or shareholders of The Talbott Corporation or members of their families are affiliated with The Mead Corporation.

TEXAS GAS PRODUCING SHARES IN REGISTRATION. Texas Gas Producing Company, 633 Meadows Building, Dallas, filed a registration statement (File 2-22253) with the SEC on April 2d seeking registration of 115,354 outstanding shares of common stock. According to the prospectus, these shares may be sold by the present holders thereof (numbering 33) from time to time in the over-the-counter market, at prices current at the time of sale (\$11 per share maximum*). Of the shares being registered, 80,604 were purchased from persons who may have been controlling stockholders of corporations acquired by Texas Gas Producing, of which 64,895 shares were purchased from a person who may have been controlling stockholder of Texas Liberty Gas Corp., which was merged into Texas Gas in September 1962, 12,134 shares were purchased from persons who may have been controlling stockholder of LeCuno Oil Corporation, which was merged into Texas Gas in April 1963, and 3,575 shares were purchased from a person who may have been a controlling stockholder of Southern Gulf Gas Transmission, Inc., whose assets were acquired in September 1963. In addition, 33,500 were issued to certain stockholders of Southern Gulf who may have been controlling stockholders thereof in connection with such acquisition; and 1,250 shares were purchased from the company in private transactions by the president of Texas Liberty Gas. The 115,354 shares constitute some 12.2% of the outstanding shares of Texas Gas common. Four of the selling stockholders are management officials of Texas Gas, including A. Gordon Galt, executive committee chairman, who proposes to sell 27,500 of his holdings of 80,691 shares. The second largest block being offered, 17,049 shares, is to be sold by Roy R. Thompson, Jr., who holds 51,446 shares.

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The company's business is the production and sale of crude oil and natural gas and the drilling of oil and gas wells for the account of others. It also participates for its own account in the drilling of exploratory oil and gas wells and proven locations. The company now has outstanding (in addition to indebtedness), 946,473 common shares, of which management officials own 24.9%. A. D. Martin is board chairman and Philip M. Robertson president.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the April 1st News Digest.

Natl Presto Indust Inc Jan 63 (It 11), Jan 64 (It 11)	Mead Johnson & Co. Apr 1963 (It 11)
Northern Chemical Indust Inc Feb 64 (Its 9,12,13)	Natl. Presto Industries Inc. Jan. 1962 (Its 11,13)
Southeastern Timberland Trust Feb 64 (Its 8,11)	Wichita River Oil Corp. Sept. 1963 (It 3) Oct. 1963 (It 2)
Wichita River Oil Corp Sept 63 (It 3)	Cudahy Packing Co March 1964 (It 12)
Baystate Corp Feb 64 (It 11)	Yuba Consol. Ind, Inc Feb. 1964 (It 13)
Tenney Corp Feb 64 (It 11)	Melpar Inc March 1964 (It 13)
Great Amer Indust Inc Feb & Mar 64 (Its 12,13)	Chris-Craft Ind, Inc April 1963 (It 11) Feb. 1964 (It 7) March 1964 (It 3)
Anderson Elec Corp Feb 64 (Its 11,13)	Smith, Kline & French Lab. Feb. 1964 (It 13)
Towmotor Corp Mar 64 (It 11)	Zenith Radio Corp Feb. 1964 (Its 12,13)
Certified Indust Inc Feb 64 (Its 6,7,13)	Buffum's Jan. 1962 (It 7) April 1962 (It 11) Nov. 1962 (It 7)
Coronet Indust Inc Feb 64 (Its 9,12,13)	
Marsh Steel & Aluminum Co Feb 64 (Its 3,9,11,12,13)	Stauffer Chemical Co April 1963 (Its 11,13)
State Bond and Mtg Co Jan 64 (Its 11,13)	The Bastian Blessing Co Mar. 1964 (It 11)
Alscope Consol Ltd Aug 62 (Its 2,7,11,13), Mar 63 (Its 9,13)	Bobbie Brooks Inc March 1964 (It 12)
Glens Falls Insur Co Mar 64 (It 11)	General Acceptance Corp Feb. 1964 (Its 7,8)
Builtwell Homes Inc Dec 63 (It 11)	Bloomfield Bldg. Ind, Inc Amend #1 to 8K for June 1963 (Its 12,13)
Canl Tel Co of KY Mar 64 (It 11)	Vacu Dry Co Amend #1 to 8K for Jan. 1964 (It 2)
Standard Kollsman Indust Inc Mar 64 (It 13)	Joslyn Mfg and Supply Co Sept 62 (It 7)
Wash Natl Insur Co Jan 64 (It 11)	Reynolds and Reynolds Co Jan 62 (It 3), Feb 62 (It 11), Apr 62 (It 8), Feb 63 (It 11) Feb 64 (It 11)
Silo Discount Centers Inc Feb 64 (It 11)	
Southern Natural Gas Co Mar 64 (It 13)	
Braun Engineering Co. Mar 63 (It 11)	
Benson-Lehner Corp Apr 63 (It 4)	

COLORADO INTERSTATE GAS PROPOSES DEBENTURE OFFERING. Colorado Interstate Gas Company, P. O. Box 1087, Colorado Springs, Colo., filed a registration statement (File 2-22254) with the SEC on April 2 seeking registration of \$35,000,000 of debentures due 1984. The debentures will be offered for public sale through an underwriting group headed by Dillon, Read & Co., Inc., 46 William St., New York, N. Y. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company's principal business is the ownership and operation of a system for the production, purchase, gathering, transportation and sale of natural gas. Of the net proceeds from the debenture sale, \$19,000,000 will be used to pay outstanding short-term notes, the proceeds of which were used for expansion and improvement of the company's natural gas pipeline system. The balance will be added to its general funds and will be used, together with funds from business operations, in part for the expansion of its natural gas pipeline system and in part (presently estimated at \$6,000,000) for investment in Colorado Oil and Gas Corporation, a 95% owned subsidiary. In addition to indebtedness and preferred stock, the company has outstanding 4,064,788 shares of common stock. The prospectus lists W. E. Mueller as president.

SECURITIES ACT REGISTRATIONS. Effective April 2: Associates Investment Co. (File 2-22162); Midwest Oil Corp. (File 2-22157).

ORAL ARGUMENT, Coming Week. April 8, 2:30 P.M., Balbrook Securities Corp.

*As estimated for purposes of computing the registration fee.

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