

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



A brief summary of financial proposals filed with and actions by the S.E.C.

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FOR RELEASE March 20, 1959

KELLER - INSURANCE STOCK SERVICE REGISTRATIONS REVOKED

In a decision announced today (Release 34-5909), the SEC revoked the broker-dealer registration of William Harrison Keller, Jr., doing business as W. H. Keller, Stockbroker, 1331 Circle Tower, Indianapolis, Ind., and expelled Keller from membership in the National Association of Securities Dealers, Inc.

The Commission's action was based upon fraud in the sale of securities and other violations of the Federal Securities Laws, as well as a court injunction against violations of the Commission's net capital rule; and the Commission also revoked the investment adviser registration of William H. Keller, Jr., doing business as Insurance Stock Information Service, 5231 North Delaware St., in Indianapolis.

According to the Commission's decision, in 54 transactions effected as principal during the period July 9 to December 18, 1957, Keller sold securities to customers at excessive "mark-ups" over cost ranging from 6.25% to 40%. His profits in those transactions aggregated \$20,014, representing an average 16.64% mark-up over his cost of \$120,244. Thirty-seven of the sales were effected on the same day the securities had been purchased by Keller, and in 10 others only one day elapsed between purchase and sale, with the purchase preceding the sale in 5 of these 10 instances. In 13 of the transactions the securities sold had been purchased from other customers.

One of these transactions involved the sale at \$7 per share of 100 shares of stock which was purchased from another customer the following day for \$5 per share, Keller thus realizing a profit of \$200, or 40%. In two others, where the sales were effected on the same day as the purchase of the securities from customers, Keller realized a profit of \$2,000 on shares which cost him \$8,000 and \$800 on shares which cost him \$4,000, the mark-ups being 25% and 20%, respectively. In another transaction involving securities purchased from a dealer, Keller sold to a customer at a profit of \$1,000 stock which he purchased the same day for \$5,000.

The Commission also ruled that Keller had violated its rules prescribing minimum net capital requirements for broker-dealer firms to safeguard customers funds and securities; its rules governing the maintenance of proper books and records; and its rules requiring disclosure in his broker-dealer registration of a temporary restraining order issued in Marion County, Indiana, against a salesman employed by him. Furthermore, Keller was enjoined on April 29, 1958, by the U. S. District Court in Indianapolis, on complaint of the Commission, from continuing the conduct of a securities business when his aggregate indebtedness to all other persons exceeds 2000% of his net capital, as prescribed in the SEC net capital rule.

W. T. GRANT CO. PROPOSES STOCK OFFERING

W. T. Grant Co., 1441 Broadway, New York, filed a registration statement (File 2-14848) with the SEC on March 19, 1959, seeking registration of 320,000 shares of Common Stock, to be offered for public sale through an underwriting group headed by Lehman Brothers. The initial public offering price will be related to the current market price of outstanding shares on the New York Stock Exchange; and the underwriting terms are to be supplied by amendment.

OVER

For further details, call ST. 3-7600, ext. 5526

The company is engaged in the sale of various lines of merchandise through numerous stores (739) in 40 states. Net proceeds of its sale of stock, together with the net proceeds of the sale of stock under its Employees Stock Purchase Plan, will be added to the general funds of the company and used for additional inventory and other working capital requirements, including such requirements resulting from further store expansion.

OLD DOMINION FUND FILES FOR OFFERING

Old Dominion Growth Stock Fund, Inc., Suffolk, Va., filed a registration statement with the SEC on March 19, 1959, seeking registration of 5,000 shares of its \$50 par Capital Stock. The Fund was organized in September 1958 and is a diversified managed, Investment Trust of the open-end type. Hall F. Birdsong is listed as president and Carnes and Company as investment adviser.

OHIO EDISON BOND OFFERING CLEARED

The SEC has issued an order (Release 35-13955) under the Holding Company Act, authorizing Ohio Edison Company, Akron, to issue and sell at competitive bidding \$30,000,000 of First Mortgage Bonds, Series due 1989. Net proceeds of the bond sale, together with cash on hand and derived from operations, will be applied to the company's 1959 construction program, estimated at \$55,000,000.

OHIO POWER FINANCING CLEARED

The SEC has issued an order (Release 35-13956) authorizing Ohio Power Company, subsidiary of American Electric Power Company, Inc., to issue and sell at competitive bidding \$25,000,000 of First Mortgage Bonds, Series due 1989; and the parent company was authorized to make a \$14,000,000 cash capital contribution to the subsidiary. The funds will be applied by Ohio Power, to the extent necessary, to prepay outstanding bank notes incurred for construction purposes (estimated at \$40,000,000). Any remaining proceeds will be applied to the construction program.

BLACK STARR & GORHAM DELISTING APPROVED

The SEC has issued an order (Release 34-5913) granting an application of the American Stock Exchange to strike the Class A Common Stock of Black, Starr & Gorham, Inc., from listing and registration, effective at the close of the trading session March 31, 1959. All but 20,680 of the outstanding shares, held by 197 record owners, have been acquired by Gorham Manufacturing Co.

UNLISTED TRADING GRANTED PHILADELPHIA-BALTIMORE EXCHANGE

The SEC has issued orders (Release 34-5913) granting applications of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stocks of Carter Products, Inc., and Winn-Dixie Stores, Inc., which stocks are listed and registered on the New York Stock Exchange.

TEXAS EASTERN TRANSMISSION FILES STOCK PLAN

Texas Eastern Transmission Corporation, Memorial Professional Building, Houston, filed a registration statement (File 2-14849) with the SEC on March 19, 1959, seeking registration of 344,255 shares of Common Stock, to be offered under options granted or to be granted to designated officers and key personnel pursuant to the company's Restricted Stock Option Plan. Of the 344,255 shares, 81,355 are the subject of future options and the balance are subject to options heretofore granted.

ADRS FOR FREE STATE GEDULD MINES FILED

The Chemical Corn Exchange Bank, 30 Broad St., New York, filed a registration statement (File 2-14850) with the SEC on March 19, 1959, seeking registration of American Depositary Receipts for 50,000 Ordinary Registered Shares of Free State Geduld Mines, Limited, of the Union of South Africa.

GEORGE PUTNAM FUND FILES FOR ADDITIONAL SHARES

The George Putnam Fund of Boston, Boston investment company, has filed an amendment to its registration statement (File 2-10816) seeking registration of 2,000,000 additional shares of Beneficial Interest in the Fund.

CONTINUED

SOUTHERN UNION GAS FILES RIGHTS OFFERING PROPOSAL

Southern Union Gas Company, Burt Building, Dallas, filed a registration statement (File 2-14851) with the SEC on March 19, 1959, seeking registration of 442,731 shares of \$25 par Cumulative Convertible Second Preferred Stock, to be offered for subscription at \$25 per share by common stockholders of record April 10, 1959, at the rate of one share of preferred for each five common shares held. The underwriting group is headed by Snow, Sweeney & Co., Inc., and A. C. Allyn and Company, Inc. Underwriting terms are to be supplied by amendment.

Net proceeds of the financing will be added to the company's general funds and applied (1) to the payment of \$7,500,000 of bank loans made in September 1958 to obtain funds for completion of the company's 1958 construction program; and (2) to defray a portion of the company's current construction program. Gross expenditures in 1959 for property additions and improvements are estimated at \$12,880,000.

DATE FOR COMMENTS ON ASSESSABLE STOCK RULE EXTENDED

On March 4, 1959, the Securities and Exchange Commission in Securities Act Release No. 4040 invited all interested persons to submit their views and comments in regard to certain proposed rule changes relating to assessable stock, including a proposed new regulation (designated Regulation F) which would provide a conditional exemption for assessments and for delinquent assessment sales. It was requested that such views and comments be submitted on or before March 31, 1959. Pursuant to request, the Commission has extended the time for submitting such views and comments to May 1, 1959.

CENTRAL LOUISIANA ELECTRIC PROPOSES BOND OFFERING

Central Louisiana Electric Company, Inc., 528 Monroe St., Alexandria, La., today filed a registration statement (File 2-14852) with the SEC seeking registration of \$5,000,000 of First Mortgage Bonds, Series I, due 1989, to be offered for public sale at competitive bidding. Net proceeds of the bond sale will be added to the general funds of the company and will be used to repay \$1,000,000 of bank loans, to finance in part the company's construction program, and for other corporate purposes. 1959 construction expenditures are estimated at \$8,503,000.

CANADIAN RESTRICTED LIST
Twentieth Supplement

The Securities and Exchange Commission has stricken the name KIRK-HUDSON MINES LIMITED (now known as Northgate Exploration Limited) from its Canadian Restricted List, reducing the number of names on the list to 211.

The Canadian Restricted List is comprised of the names of Canadian companies whose securities recently have been or now are being distributed in the United States in violation of the registration requirement of the Securities Act of 1933. With respect to the stock of Northgate Exploration, whose predecessor's stock was placed on the list in October 1956, the Commission has no knowledge of any distributions in the United States during the past year; and the company has given assurances that, in connection with any future distributions which may be made in this country, the Securities Act registration and related requirements will be complied with.

EFFECTIVE DATE OF SALES LOAD RULE EXTENDED

The SEC today announced (Release 40-2845) an extension from March 20, 1959, to April 30, 1959, of the time within which investment companies issuing redeemable securities may file revised prospectuses to conform to the requirements of Investment Company Act Rule 22d-1 governing permissible reductions in the sales load of redeemable securities offered for public sale by registered investment companies. Otherwise, requirements of the rule (Release 40-2810) must be complied with.