

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 February 18, 1957

Statistical Release No. 1436

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended February 15, 1957, for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1956 and 1957, is as follows:

	<u>(1939 = 100)</u>		<u>Percent Change</u>	<u>1956 - 1957</u>	
	<u>2/15/57</u>	<u>2/8/57</u>		<u>High</u>	<u>Low</u>
Composite	324.0	322.5	∕ 0.5	366.2	319.0
Manufacturing	408.0	405.7	∕ 0.6	469.6	398.6
Durable Goods	386.9	382.7	∕ 1.1	437.6	369.4
Non-Durable Goods	427.7	427.1	∕ 0.1	500.8	425.2
Transportation	290.0*	290.7	- 0.2	353.0	290.0
Utility	157.0	157.0	0.0	161.5	151.6
Trade, Finance & Service	277.9	274.8	∕ 1.1	325.5	274.8
Mining	344.1	340.6	∕ 1.0	393.2	326.8

*New Low

Holding Company Act Release No. 13386

The SEC today announced the granting of a petition filed by a stockholder of Lynn Gas & Electric Company (Lynn, Mass.), to reopen the hearing with respect to a pending proposal of New England Electric System (of Boston), to acquire the outstanding common stock of Lynn through an offer of two shares of NEES common for each share of Lynn common. The hearing is to be reconvened on February 28, 1957.

The hearing was held on January 3, 1957, at which evidence was offered by NEES as to the fairness of the exchange offer. There was no active participation at the hearing by or on behalf of Lynn stockholders. However, written statements of views submitted by a number of Lynn stockholders were filed in the hearing record.

Subsequently, John F. Cremens, of Boston, a Lynn stockholder, petitioned to reopen the hearing; and in an argument before the Commission on his petition he outlined the nature of the evidentiary matter which he proposed to present, relating principally to the value of certain real estate owned by Lynn. NEES opposed the granting of the petition.

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In granting the petition, the Commission stated: "We recognize that the reopening of the record after the close of hearings could represent a disruption of orderly and expeditious procedure, ordinarily should be avoided, and should be ordered only for compelling reasons. We have given consideration, among other things, to the fact that although Lynn advised its stockholders of the exchange offer and that it would become effective after its approval by this Commission, Lynn's letter to its stockholders did not inform the stockholders that they might have an opportunity to be heard in proceedings before us with respect to the fairness and other aspects of the proposed exchange offer....We have concluded that under the circumstances and in keeping with our policy to accord opportunity for adequate stockholder participation, we shall exercise our discretion to reopen the record so as to extend such opportunity in this instance.

"We do not anticipate that the delay of the proceedings entailed in such reopening will be prolonged or will result in any prejudice to any interested person. Upon the conclusion of such reopened hearing, at which all interested persons and particularly the stockholders of Lynn desiring to, will have the opportunity to participate, the record thus completed will be received by us for final disposition free of any further questions respecting the opportunity accorded for such participation."

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American Broadcasting-Paramount Theatres, Inc., New York, filed a registration statement (File 2-13092) with the SEC on February 15, 1957, seeking registration of 346,253 shares of its \$1 par Common Stock and 240,768 shares of its 5% Preferred Stock, \$20 par. The company is not selling any of the common or preferred shares and will not receive any of the proceeds. Such shares constitute the holdings of Edward J. Noble and The Edward John Noble Foundation, selling stockholders. 8,949 common shares and 225,028 preferred are owned by Mr. Noble and 337,304 common shares and 15,740 preferred shares by the Foundation; and these shares constitute all of their present holdings of the common and preferred stock. According to the prospectus, the selling stockholders intend to dispose of some or all of the said shares of common and preferred stock owned by them from time to time when, as and if such disposition seems advisable and market conditions appear favorable. Sales will be made on the New York Stock Exchange through brokers, who will receive for their services only the regular brokerage commission. If, however, opportunities arise to dispose of any of the shares directly, sales may be made elsewhere than on such Exchange and without the intervention of a broker. The selling prices, it is anticipated, will be approximately the market prices prevailing at the times of sale. Mr. Noble is a director of the company and chairman of its Finance Committee.

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American Provident Investors Corporation, Dallas, Texas, filed a registration statement (File 2-13093) with the SEC on February 15, 1957, seeking registration of 50,000,000 shares of its 1¢ par Common Stock. The company proposes to offer these shares for public sale at \$2 per share. The offering is to be made by Peoples Securities Company on a best efforts basis, for which the underwriter will receive a selling commission of 40¢ per share.

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The company was organized under Delaware law on June 11, 1956, and has not yet commenced business. It plans to operate primarily through controlled subsidiaries to be acquired or organized by it. In acquiring or organizing businesses, it will be the purpose of the company to seek situations which, according to the prospectus, offer an eventual prospect of high or better than average income yield; but investments will not be limited to such situations and some will be made with a view primarily to long term capital appreciation. The company contemplates the establishment of offices and operations in Atlanta, Birmingham, Denver, Houston, Kansas City, Ks., New Orleans, Memphis, and Tampa. J. D. Grey, of New Orleans, John S. Tanner, of Dallas, and C. L. Edmonds, of Houston, three of the 22 directors, are named Board Chairman, Vice-Chairman, and President, respectively.

The initial stage of the company's operations will involve the acquisition of subsidiaries engaged in the following businesses: life insurance; mortgage and loan; construction and development to acquire unimproved and improved real estate for development; factoring; fire and casualty insurance; and title insurance. In the event all the shares of common stock the subject of this offering are sold, the net proceeds will approximate \$79,875,000. Such proceeds will be applied to payment of the expenses of the issue and to the company's program of operations.

The officers and directors of the company now own all of the 49,250 outstanding shares of stock. Options covering 4,400,000 shares have been granted to the directors, the exercise price of the options being \$2 per share.

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The Southern Company, Wilmington, Del., filed a registration statement (File 2-13094) with the SEC on February 15, 1957, seeking registration of 1,658,034 shares of its \$5 par Common Stock. As previously reported (2/8/57), Southern proposes to offer these shares for public sale at competitive bidding, subject to the prior subscription rights of its stockholders (exercisable on the basis of 1 additional share for each 13 shares held of record March 13, 1957). Net proceeds of the financing, together with treasury funds to the extent required up to approximately \$2,500,000, will be applied to the investment during 1957 of up to \$9,250,000 in the common stock of Alabama Power Company and up to \$19,750,000 in the common stock of Georgia Power Company. Each of the latter two companies is investing during 1957 \$750,000 of the funds thus to be received in common stock of Southern Electric Generating Company and they propose to use the balance of such funds for their own property additions and improvements. The total construction expenditures of Southern's operating affiliates for 1957 are estimated at \$140,200,000. There is now pending before the SEC a proposal of Georgia Power Company to acquire the properties of Georgia Power and Light Company for an estimated cash payment of approximately \$11,000,000 and the assumption of \$7,705,000 of outstanding bonds.

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Commonwealth Edison Company, Chicago, today filed a registration statement (File 2-13095) with the SEC seeking registration of \$50,000,000 of First Mortgage Bonds, Series S, due March 1, 1987, to be offered for public sale at competitive bidding. Net proceeds will be added to the working capital of the company for ulti-

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mate application toward the construction program of the company and its subsidiaries. The construction program for the four-year period 1957-1960, as now scheduled, calls for expenditures of approximately \$650,000,000 for property additions.

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Thrifty Drug Stores Co. Inc., Los Angeles, today filed a registration statement (File 2-13096) with the SEC seeking registration of 200,000 Common Shares, 50¢ par value. All of the 200,000 shares are now outstanding; and they are to be offered for public sale for the account of the holders thereof. The public offering price and underwriting terms are to be supplied by amendment. Blyth & Co., Inc., is named as the principal underwriter. The company will receive no part of the proceeds.

The company has outstanding 900,000 common shares, not including 150,000 shares reserved for issuance under its restricted stock option plan. The selling stockholders, and the number of shares to be sold by each, are as follows: Harry H. Borun, President, 75,000 of 116,868 shares held; Robert Borun, Executive Vice-President, 75,000 of 107,675 shares held; and Norman Levin, 50,000 of 50,000 shares held. (All three selling stockholders reside in Beverly Hills)

Holding Company Act Release No. 13384

Public Service Company of Oklahoma (Tulsa) has filed an application with the SEC under the Holding Company Act with respect to its proposal to enter into a modified gas fuel purchase contract with Transok Pipe Line Company and the guarantee of \$4,000,000 of additional bonds to be issued by Transok to provide funds for the construction of additional pipe lines and related facilities. The Commission has issued an order giving interested persons until February 28, 1957, to request a hearing.

Holding Company Act Release No. 13385

Central and South West Corporation (Chicago) has joined with three of its subsidiaries in the filing of financing proposals with the SEC; and the Commission has issued an order giving interested persons until March 1, 1957, to request a hearing thereon. Under the proposal, Central and South West would issue and sell at competitive bidding 600,000 additional shares of its \$5 par common stock. Net proceeds would be applied to the payment of \$7,500,000 of bank loan notes and to the purchase of an additional \$2,500,000, \$4,000,000 and \$4,000,000, respectively of the common stock of Central Power and Light Company (Corpus Christi), Public Service Company of Oklahoma (Tulsa), and Southwestern Gas and Electric Company (Shreveport, La.). Any excess of such proceeds may be used to purchase additional common stock of one or more of Central and South West's four principal subsidiaries or for general corporate purposes. The three subsidiaries plan to use the additional funds to finance in part the cost of their construction programs.

Investment Company Act Release No. 2484

Wisconsin Fund, Inc., Milwaukee investment company, has applied to the SEC for an exemption order permitting its acquisition of not to exceed \$100,000 principal amount of first mortgage bonds, 4½%, due January 1, 1987, of Atlantic City Electric Company from The Milwaukee Company, a registered broker-dealer; and the Commission

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has issued an order giving interested persons until February 28, 1957, to request a hearing thereon. Unless exempted, the transaction is prohibited by the Investment Company Act because of an inter-company affiliation between Wisconsin Fund and Milwaukee Company.

Investment Company Act Release No. 2486

The SEC has issued an order granting an application of Gas Industries Fund, Inc., Boston investment company, for an exemption with respect to its proposed acquisition of not more than 5,000 units of debentures and common stock of Trans-Canada Pipe Lines, Limited, each unit consisting of \$100 principal amount of debentures and five shares of common stock. Under a registration statement filed by Trans-Canada which became effective February 13, 1957, that company proposed the public offering of \$75,000,000 of debentures and 3,750,000 shares of common stock, in such units, at a unit price of \$156. Because of an affiliation between the Fund and one of the underwriters of such offering, such purchase by the Fund is prohibited unless the Commission issues an exemption order.

Investment Company Act Release No. 2487

A similar exemption order has been issued by the Commission permitting the acquisition of \$4,900,000 of 4½% Convertible Subordinated Debentures, due 1987, of Phillips Petroleum Company by Tri-Continental Corporation, Tri-Continental Financial Corporation, Broad Street Investing Corporation, and Whitehall Fund, Inc. Under a registration statement which became effective February 7, 1957, Phillips Petroleum made a public offering of \$171,720,200 of such debentures. The four investment companies propose to acquire such debentures in the respective amounts of \$2,000,000, \$2,000,000, \$750,000, and \$150,000. Because one of the directors of each of the four investment companies is a limited partner of one of the underwriters for the offering, their acquisitions of the debentures are prohibited by the Investment Company Act unless the Commission issues an exemption order.

Investment Company Act Release Nos. 2485 and 2488

Two additional investment companies, The Colonial Fund, Inc. (Boston) and Gas Industries Fund, Inc. (Boston), have applied to the SEC for exemption orders permitting their acquisitions of Phillips Petroleum Company debentures in the respective amounts of \$300,000 and \$600,000; and the Commission has issued orders giving interested persons until February 28, 1957, to request hearings thereon.

Securities Exchange Act Release No. 5453

In a decision announced today, the SEC revoked the broker-dealer registration of Mid America Securities Inc. of Ogden, Ogden, Utah, for wilful violation of Commission rules requiring broker-dealer firms to make and keep current the books and records prescribed by said rules. The company consented to the entry of the order.

The Commission found that the company effected numerous transactions with customers and in connection therewith failed to record receipts and deliveries of securities in and out of the customers' accounts. The only memoranda thereof were

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incomplete and scattered receipt and delivery tickets. A firm of certified public accountants which made a preliminary examination of the company's books and records reported that they were in such an incomplete and inaccurate state that an audit would be very costly.

Securities Act Release No. 3755

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 Producers Fuel Company, Pittsburgh, Pa. The order provides an opportunity for hearing, upon request, on the question whether the suspension order should be vacated or made permanent.

In its Regulation A notification, filed in July, 1956, Producers Fuel proposed the public offering of 60,000 shares of its Capital Stock at \$5 per share. The Commission asserts in its suspension order that it has reasonable cause to believe that the terms and conditions of Regulation A have not been complied with; that the offering circular contains false and misleading representations of material facts; and that the use of said offering circular in the offer and sale of Producers stock "would operate as a fraud or deceit upon the purchasers."

More particularly, the Commission challenges the accuracy and completeness of information contained in the offering circular concerning (1) the leases, and interests therein, which are to be owned by the issuer; (2) the extent of the proven oil and gas reserves on properties covered by such leases; (3) the actual production of oil and gas from such properties; and (4) the oil and gas recovery methods to be employed thereon by the issuer. In addition, the order asserts that the notification does not disclose sales of stock within one year of the filing of the notification by the predecessor and affiliate of the issuer; and that the aggregate amount of such stock (sold in violation of the registration requirement of the Act), plus the offering price of the 60,000 shares the subject of the notification, exceeded the \$300,000 limitation prescribed by Regulation A.

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The Stein Roe & Farnham Fund Incorporated, Chicago investment company, filed an amendment on February 15, 1957 to its registration statement (File 2-10679), seeking registration of an additional 200,000 shares of capital stock, \$1 par value.

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