

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.
February 25, 1957

FOR RELEASE _____

Statistical Release No. 1437

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended February 21, 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>2/21/57</u>	<u>2/15/57</u>		<u>High</u>	<u>Low</u>
Composite	323.8	324.0	- 0.1	366.2	319.0
Manufacturing	407.6	408.0	- 0.1	468.6	398.6
Durable Goods	383.1	386.9	- 1.0	437.6	369.4
Non-Durable Goods	430.4	427.7	+ 0.6	500.8	425.2
Transportation	287.0*	290.0	- 1.0	353.0	287.0*
Utility	157.2	157.0	+ 0.1	161.5	151.6
Trade, Finance & Service	278.4	277.9	+ 0.2	325.5	274.8
Mining	344.5	344.1	+ 0.1	383.2	326.8

*New Low

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The Securities and Exchange Commission began a two day conference today with securities industry organizations and others interested, on certain proposals the Commission is considering recommending to the Congress for amendment of the Federal securities laws.

In opening the conference, Chairman J. Sinclair Armstrong said: "The proposed amendments are designed to strengthen the jurisdictional provisions, correct certain inadequacies, facilitate criminal prosecutions, and generally strengthen the Commission's enforcement capabilities.

"At a time of the greatest activity in the securities markets since the Commission's establishment in 1934, we consider that amendments to the securities laws to strengthen our enforcement capabilities are vitally necessary for the protection of the investing public. We believe that the protection of the investing public in accordance with the basic aims and objectives of the Federal securities laws is necessary to the proper functioning of the capital markets. Capital formation is tremendously important to the economy of our country. There is nothing in the Federal

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securities laws designed to impede the raising of capital or the proper functioning of the exchange and over-the-counter markets, and we believe the same applies to the amendments we are suggesting.

"We invite the thoughtful consideration of all present to these amendments. We solicit your critical appraisal of them. However, we strongly urge you to consider them from the standpoint of the great importance to the capital markets of maintaining the confidence of the investing public which has been re-established in these markets over the past two decades. Abuses in the distribution and sale of securities which are presently going on, and which some of these amendments are designed to aid the Commission in putting down, we believe to be very dangerous from the standpoint of the continued confidence of the investing public. These abuses must be eradicated if the strong, healthy securities markets of recent years are to continue.

Securities Exchange Act Release No. 5457

The Securities and Exchange Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of W. L. Mast & Co., of Las Vegas, Nevada, or to suspend or expel the company from membership in the National Association of Securities Dealers, Inc. The hearing therein is scheduled for March 11, 1957, in the Los Angeles Branch Office of the Commission.

In its order authorizing these proceedings, the Commission asserts that information developed in an investigation conducted by its Staff tends to show (1) that from approximately December 1, 1956, to date, Mast & Co. (of which Wayne L. Mast is president, director and controlling stockholder) engaged in the conduct of a securities business when its aggregate indebtedness to all other persons exceeded 2,000 per centum of its net capital; (2) that during the period from approximately October 17, 1956, to date Mast & Co. made false and fictitious entries on its books and records in that the books recorded credits of certain sums of money to its "Income from Underwriting Fees" account, when such credits should have been recorded as liabilities to certain creditors; (3) that during said latter period Mast & Co. did not make and keep current certain of its books and records in accordance with the governing rules of the Commission, in that the books and records did not reflect certain liabilities to certain creditors; and (4) that a financial report filed by Mast & Co. on December 28, 1956, was false and misleading in that it omits to disclose certain liabilities. Mast & Co. was permanently enjoined on January 25, 1957, by the United States District Court for the District of Nevada from engaging in and continuing certain conduct and practices in connection with the purchase and sale of securities.

At the March 11th hearing, inquiry will be conducted into the foregoing matters for the purpose of determining whether the reported information is true and, if so, whether Mast & Co. has wilfully violated provisions of the Securities Exchange Act of 1934 and rules of the Commission thereunder and whether it is necessary or appropriate in the public interest to revoke its broker-dealer registration or to suspend or expel it from membership in the NASD.

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Securities Exchange Act Release No. 5460

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of A. J. Gould & Co., Inc., of New York City; and whether to suspend or expel the company from membership in the National Association of Securities Dealers, Inc. A hearing for the purpose of taking evidence therein is scheduled for March 11, 1957, in the Commission's New York Regional Office.

Gould & Co.'s broker-dealer registration became effective March 21, 1956. Albert J. Gould is listed as a director and president and William Fisher as executive vice-president. Gould & Co., Gould and Fisher were enjoined by a decree of preliminary injunction entered in the United States District Court for the Southern District of New York, on September 2, 1956, from engaging in and continuing certain conduct and practices in connection with the sale of securities.

According to the Commission's order, information obtained as a result of an investigation tends to show that during the period March 21, 1956, to September 18, 1956, Gould & Co. engaged in the conduct of a securities business when its aggregate indebtedness to all other persons exceeded the 2,000 per centum of net capital limitation prescribed by the Commission's rules, and that Gould and Fisher caused it so to do. At the March 11th hearing, inquiry will be conducted for the purpose of determining whether the reported information is true and, if so, whether Gould & Co. has willfully violated the Securities Exchange Act of 1934 and rules of the Commission thereunder and whether it is necessary or appropriate in the public interest to revoke the broker-dealer registration of Gould & Co. or to suspend or expel it from membership in the NASD.

Holding Company Act Release No. 13392

Central Vermont Public Service Corporation (Rutland, Vt.) has applied to the SEC for authorization to acquire 1,730 shares (86.50%) of the initial issue of 2,000 shares of \$100 par common stock to be issued by Vermont Electric Power Company, Inc. ("Vepco"); and the Commission has issued an order giving interested persons until March 13, 1957, to request a hearing thereon.

Vepco is a newly organized electric transmission company which proposes to construct, own and operate the new transmission facilities which will distribute equitably among all electric distribution companies and agencies operating in Vermont, power to be purchased by the State of Vermont, acting through its Public Service Commission, from the St. Lawrence River Project. The cost of the new facilities for transmission of this power is presently estimated at between \$10 and \$15 million. Central Vermont, Green Mountain Power Corporation, and Citizens Utilities Company, propose to utilize Vepco to construct, own and operate the new facilities. The latter two will acquire 178 and 89 shares, respectively, of the initial issue of Vepco stock. These funds will enable Vepco to complete engineering commenced by Central Vermont and other participating companies, to negotiate the transmission contract with the State of Vermont, to conduct negotiations with respect to the financing of Vepco and the sale of its debt securities, and the acquisition of materials and supplies requisite for the construction of the new transmission facilities.

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Holding Company Act Release No. 13393

Pennsylvania Power Company (New Castle) and its parent, Ohio Edison Company (Akron) have applied to the SEC for an order authorizing Pennsylvania Power to issue and sell an additional 70,000 shares of its \$30 par common stock to Ohio Power for \$2,100,000; and the Commission has issued an order giving interested persons until March 11, 1957, to request a hearing thereon.

Pennsylvania Power will use the proceeds for construction expenditures or in reimbursement of its treasury therefor. 1957 construction expenditures are estimated at \$13,000,000; and the company's cash requirements will necessitate the issuance and sale of \$7,000,000 of bonds before the end of 1957.

Holding Company Act Release No. 13394

Pittsburgh (Pa.) Railways Company has applied to the SEC for an order authorizing its issuance of \$280,000 of a 15-year purchase money bond; and the Commission has issued an order giving interested persons until March 12, 1957, to request a hearing thereon. The bond is to be issued as part payment for a garage building being constructed by Navarro Corporation, a contractor, for storage, servicing and maintenance of the company's buses.

Holding Company Act Release No. 13395

Olin Revere Metals Corporation (New York, N. Y.) has applied to the SEC for an order exempting it and its subsidiaries from the provisions of the Holding Company Act; and the Commission has issued an order giving interested persons until March 11, 1957, to request a hearing thereon. Applicant contends that it is entitled to such exemption because it is only incidentally a holding company, being primarily engaged or interested in one or more businesses other than the business of a public utility company.

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John Morrell & Co., Chicago, filed a registration statement (File 2-13109) with the SEC on February 21, 1957, seeking registration of \$5,000,000 of Employee Savings Notes, to be offered for sale at 100% of principal amount to eligible employees of the company and its domestic subsidiaries under the company's Savings Plan for Employees.

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Commonwealth of Australia filed a registration statement (File 2-13110) with the SEC on February 21, 1957, seeking registration of \$20,000,000 of Fifteen Year Bonds, to be offered for public sale through an underwriting group headed by Morgan Stanley & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The net proceeds of the sale of the bonds will be applied to the payment of \$17,114,000 of Commonwealth of Australia Ten Year 3¼% Bonds due June 1, 1957. The balance will be applied toward capital works and expenditures included in the 1956/57 loan programme approved by the Australian Loan Council.

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the Commonwealth and State Governments. In lieu of cash payment for the bonds, the Commonwealth will accept from the underwriters said $3\frac{3}{4}\%$ Bonds with coupon due June 1, 1957, at 101 $5/8\%$ of the principal amount, the premium representing accrued interest to June 1.

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Duval Sulphur & Potash Company, Houston, Texas, filed a registration statement (File 2-13111) with the SEC on February 21, 1957, seeking registration of 300,000 shares of its no par Capital Stock. The company proposes to offer these shares for subscription by holders of its outstanding shares at the rate of three additional shares for each ten shares held. The record date and subscription price is to be supplied by amendment. No underwriting is involved.

Net proceeds of the financing, together with an amount estimated at \$6,000,000 to be borrowed under a bank loan agreement along with other cash resources of the company, will provide facilities to mine and mill copper and molybdenum ore from properties of the company in Pima County, Arizona, about thirty miles south of Tucson in the foothills of the Sierrita Mountains. Exploration of these properties is said to have established the existence of substantial ore reserves; and the company proposes to develop and equip this property as promptly as possible for production. Plant facilities, consisting of a mill, a warehouse, machine shop, laboratory, office building and other auxiliary buildings will be constructed and operated by the company on lands adjacent to the mine. It is presently estimated that such program will be completed in the latter part of 1959 at a cost of approximately \$20,000,000, of which approximately \$950,000 had been expended to December 31, 1956. Commencement of production is scheduled for the latter part of 1959.

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Public Service Electric and Gas Company, Newark, N. J., filed a registration statement (File 2-13112) with the SEC on February 21, 1957, seeking registration of \$50,000,000 of Debenture Bonds due 1977, to be offered for public sale at competitive bidding. Net proceeds of the financing will be added to the general funds of the company and will be used by it for its general corporate purposes, including payment of a portion of the cost of its current construction program. The company's current construction program is estimated at approximately \$345,000,000, of which some \$130,000,000 has been or will be expended in 1957 and the remainder in subsequent years.

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Savannah Electric and Power Company, Savannah, Ga., filed a registration statement (File 2-13113) with the SEC on February 21, 1957, seeking registration of 214,100 shares of its \$5 par Common Stock. The company proposes to offer 163,334 shares of this stock for subscription by stockholders of record March 18, 1957, on the basis of 1 additional share for each 6 shares then held. The remaining 50,766 shares are outstanding shares to be offered for public sale by the holders thereof. The subscription price to stockholders, and underwriting terms, will be supplied by amendment. The initial public offering price of the 50,766 shares will be related to the current market for the shares at the time of the offering. The First Boston Corporation and Stone & Webster Securities Corporation are named principal underwriters.

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In addition to the sale of the 163,334 shares, the company proposes to sell to a limited number of institutional investors 20,000 shares of Preferred Stock, Series B, \$100 par value. The company proposes to use the net proceeds of the sale of the common and preferred shares estimated at \$5,000,000 to repay bank loans aggregating \$2,100,000 made for construction purposes, and to finance part of its 1957 construction program which it is estimated will require the expenditure of \$10,900,000.

According to the prospectus, a number of trusts created for the benefit of members of the family of the late William H. Donner (the "Donner Family Trusts") owned beneficially 536,276 of the outstanding common shares. In addition, the Hillsboro Plantation, Inc., which is owned by the Donner Family Trusts, and the Donner Foundation, Inc., owned 4,400 shares and 70,000 shares, respectively. The shares owned by the Donner Family Trusts, the Hillsboro Plantation, Inc., and the Donner Foundation, Inc., aggregate approximately 62.5% of the outstanding common stock. Of the total of 50,766 shares to be offered for sale by the selling stockholders, 46,366 shares are a part of the shares owned by the Donner Family Trusts and 4,400 shares are the shares owned by the Hillsboro Plantation, Inc. The Donner Family Trusts, the Hillsboro Plantation, Inc., and the Donner Foundation, Inc., have agreed that they will not sell any of the subscription rights applicable to the 610,670 shares owned by them without first offering such rights to the underwriters.

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Dresser Industries, Inc., Dallas, filed a registration statement (File 2-13114) with the SEC on February 21, 1957, seeking registration of \$20,000,000 of Subordinated Debentures (convertible), due March 1, 1977, to be offered for public sale through an underwriting group headed by Blyth & Co., Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Net proceeds from the sale of the debentures will be added to the company's general funds and will be available for additional working capital and any other corporate purpose, including capital expenditures. Capital expenditures for the fiscal year ended October 31, 1956, amounted to \$19,118,000, and a similar amount of such expenditures is contemplated for the current fiscal year.

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Houston Lighting & Power Company, Houston, Texas, today filed a registration statement (File 2-13115) with the SEC seeking registration of 665,760 shares of its no par Common Stock. The company proposes to offer 612,260 shares for subscription by its stockholders of record March 25, 1957, at the rate of one additional share for each ten shares then held. The subscription price is to be supplied by amendment. The offering is not to be underwritten. The remaining 53,500 shares are to be offered for sale by eligible employees of the company.

Net proceeds of the sale of stock will be added to the general funds of the company and will be used to finance in part the company's 1957 construction program, including the repayment of outstanding short-term notes. The 1957 construction expenditures are estimated at \$68,700,000.

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