

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 March 14, 1957

Securities Act Release No. 3760

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 securities by Hardy-Griffin Engineering Corporation, Houston, Texas. The order provides an opportunity for hearing, upon request, on the question whether the suspension order should be vacated or made permanent.

Hardy-Griffin filed its Regulation A notification with the Commission on July 8, 1955. It proposed the public offering of 240,000 shares of common stock at \$1.25 per share. Benjamin & Co. of Houston was listed as underwriter. In its suspension order, the Commission asserts that it has "reasonable cause to believe" that the notification and offering circular are false and misleading and that the public offering of the Hardy-Griffin stock under the notification and offering circular was made in such a manner as to operate as a fraud or deceit upon the purchasers. The order further asserts that an exemption under Regulation A was not available for such offering in that the amount of securities offered exceeded the \$300,000 limitation imposed by Regulation A, and that Hardy-Griffin failed to file a report disclosing the completion of the public offering of its stock.

According to the Commission's order, the Hardy-Griffin notification states that neither the issuer nor any of its affiliates presently contemplates the offering or sale of any securities in addition to the 240,000 shares to be offered for public sale by the issuer, whereas the records of the issuer's transfer agent indicate that sales in excess of 400,000 shares were effected, including 50,000 shares of the personally-owned stock of the underwriter. With respect to the offering circular, it states that, if all 240,000 shares are sold, there will be a total of 540,000 shares outstanding, of which 300,000 shares will be owned by the officers, directors and promoters of the issuer and 240,000 by public investors. The records of the transfer agent indicate, however, that as a result of the sale of the 50,000 shares by the underwriter in excess of 300,000 shares were held by public investors at the completion of the public offering. Furthermore, the offering circular failed to disclose that, in addition to the 240,000 shares listed for public offering, the 50,000 shares shown in the offering circular as being owned by David J. Benjamin, the underwriter, were to be, and in fact were, offered to the public for his personal account.

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Holding Company Act Release No. 13414

The SEC today announced a proposal to rescind its Rule U-9 under the Holding Company Act which provides an exemption from that Act for electric and gas holding company systems of limited size; and it has invited the submission of views and comments upon the proposal not later than April 30, 1957.

Rule U-9 purports to exempt from all the provisions of the Act and Rules thereunder (except as to certain acquisitions of securities of any public utility or holding company or of any utility assets) any holding company system if the net book value of its utility assets does not exceed \$1,000,000 or did not exceed \$1,000,000 at December 31, 1946, or if its gross utility revenues (excluding inter-company sales) for the preceding calendar year did not exceed \$350,000.

Rescission of Rule U-9 has been proposed by the Commission's Division of Corporate Regulation. The Division has advised the Commission that its reexamination of Rule U-9 and of the Commission's experience with it indicates that the rule is no longer necessary or appropriate in the public interest or for the protection of investors or consumers. Among the reasons which have been advanced for the rescission of the Rule are (1) the doubtful authority under the Act for a rule which purports to exempt holding companies as such solely because of small size; and (2) the inclusion in Rule U-9 of the provision purporting to grant an exemption to any holding company system whose net book value of utility assets did not exceed \$1,000,000 at December 31, 1946. The effect of the December 31, 1946 cut-off date is that a holding company system whose net book value of utility assets did not exceed \$1,000,000 at December 31, 1946, or a holding company system which was not even in existence on that date, can claim exemption from the Act pursuant to Rule U-9, however, large such system may be at the present time.

Holding Company Act Release No. 13416

Pennsylvania Power Company, New Castle subsidiary of Ohio Edison Company, has received SEC authorization to issue and sell an additional 70,000 shares of its common stock to Ohio Power for a cash consideration of \$2,100,000. Proceeds are to be applied by Pennsylvania to construction expenditures or in reimbursement of its treasury therefor.

Holding Company Act Release No. 13417

The Columbia Gas System, Inc., New York holding company, has joined with two of its subsidiaries, Binghamton Gas Works, of Pittsburgh, and The Keystone Gas Company, Inc., of Olean, New York, in the filing with the SEC of a proposal for merger and consolidation of the two subsidiaries; and the Commission has issued an order giving interested persons until March 27, 1957, to request a hearing thereon.

Binghamton and Keystone are wholly-owned subsidiaries of Columbia Gas. The proposal contemplates that Keystone will be merged with and into Binghamton, whose name, as the surviving corporation, will be changed to Columbia Gas of New York, Inc.

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Binghamton now has outstanding 72,000 common shares. Under the merger proposal, it will acquire the assets and assume the liabilities of Keystone; and, in connection therewith, it will issue an additional 22,152 shares of its stock to Columbia Gas in exchange for Keystone's presently outstanding 10,000 common shares.

Binghamton and Keystone are engaged in the business of manufacturing, purchasing, distributing and selling gas at retail in various communities in the southern part of New York State. Their distribution systems are connected through the transmission system of Home Gas Company, an affiliate. Both companies have the same officers and management and no change in operations is required. Merger of the two companies is a part of Columbia Gas' corporate realignment and simplification program and is expected to result in administrative economies.

Securities Exchange Act Release No. 5472

The Securities and Exchange Commission today announced the issuance of two orders under Section 19(a)(4) of the Securities Exchange Act of 1934 summarily suspending trading in the capital stocks of Great Sweet Grass Oils Limited and of Kroy Oils Limited, respectively, on the American Stock Exchange, for a period of ten days from March 15, 1957 to March 24, 1957, inclusive; and it declared that such action is necessary and appropriate for the protection of investors and to prevent fraudulent, deceptive or manipulative acts or practices.

The summary suspension orders heretofore entered on March 4, 1957 against trading in the two stocks expire at the close of business March 14, 1957. The result of the new orders is that it will continue to be unlawful under Section 15(c)(2) of the Securities Exchange Act of 1934 and the Commission's Rule X-15C2-2 thereunder for any broker or dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, such securities otherwise than on a national securities exchange.

The Commission's action was taken because the questions raised in the Commission's orders and notices of hearings under Section 19(a)(2) of the Act as to alleged false statements in reports filed by both companies with the Commission have not been resolved. The consolidated hearing in these proceedings has been concluded and the evidence in the record is now under review preliminary to the issuance of a decision therein by the Commission.

Under these conditions, the Commission is of the opinion that it would be impossible for the investing public to reach an informed judgment at this time as to the value of the companies' securities, or for trading in such securities to be conducted in an orderly and equitable manner.

In light of the foregoing and other factors, the Commission is of the opinion that the public interest requires the summary suspension of trading in such securities on the American Stock Exchange and that such action is necessary and appropriate for the protection of investors and is necessary in order to prevent fraudulent, deceptive or manipulative acts or practices under the Act.

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Conticca International Corporation, Chicago, filed a registration statement (File 2-13157) with the SEC on March 13, 1957, seeking registration of 558,100 shares of its Class A Common Stock. The stock is to be offered for public sale at \$5 per share on a "best efforts" basis by Allen Shaw Co. of New York and Shaw & Co., of San Marino, Calif., for which a selling commission of from \$0.50 to \$1. per share is to be paid.

Conticca was organized under Delaware law in August, 1955, and is engaged in the business of general contracting for the construction of engineering projects of all types. In addition, it recently acquired an established business engaging in reconditioning specialized railroad equipment and sales and supply of material and accessories peculiar to the field of railroad angle bars. It has outstanding 141,900 shares of Class A common and 1,090,500 shares of Class B common.

Net proceeds of the sale of stock by Conticca are estimated at \$2,217,500. The company plans to apply these proceeds to discharge existing current notes payable, including bank loans, and long term debt in the total sum of approximately \$1,030,000, and further plans to apply approximately \$500,000 of the proceeds to purchase additional construction equipment to complete existing and anticipated construction contracts; and the company plans to apply the remaining proceeds to provide additional working capital to enable it to undertake additional construction contracts.

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Fisher Governor Company, Marshalltown, Iowa, today filed a registration statement (File 2-13158) with the SEC seeking registration of 369,600 shares of its \$1 par Common Stock. Of this stock, 184,800 shares are to be issued and sold for the account of the company and 184,800 by certain selling stockholders. The public offering price and underwriting terms are to be supplied by amendment. Glore, Forgan & Co. is listed as the principal underwriter.

The company expects to use most of the net proceeds from its sale of 184,800 shares to complete capital additions and improvements to its Marshalltown plant (it is engaged in the manufacture of automatic control equipment). The major portion of current bank loans, presently amounting to \$1,000,000, has also been used for these purposes, and may be repaid from such net proceeds. Such capital expenditures for 1957 are estimated at approximately \$1,600,000.

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