

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 November 4, 1957Statistical Release No. 1491

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended November 1, 1957, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1957, is as follows:

	<u>(1939 = 100)</u>		Percent Change	<u>1957</u>	
	<u>11/1/57</u>	<u>10/25/57</u>		<u>High</u>	<u>Low</u>
Composite	300.1	301.6	- 0.5	365.0	299.4
Manufacturing	379.8	383.0	- 0.8	472.5	378.2
Durable Goods	349.3	352.4	- 0.9	438.7	347.9
Non-Durable Goods	407.9	411.1	- 0.8	503.5	406.1
Transportation	231.8*	232.8	- 0.4	317.5	231.8
Utility	147.6	146.1	+ 1.0	163.5	146.1
Trade, Finance & Service	260.3	260.4	0.0	292.1	259.6
Mining	282.1*	286.2	- 1.4	402.3	282.1

* New Low

GENERAL TELEPHONE OF SOUTHWEST FILES FOR PREFERRED STOCK SALE

General Telephone Company of the Southwest, San Angelo, Texas, filed a registration statement (File 2-13732) with the SEC on November 1, 1957, proposing the public offering of 250,000 shares of \$20 par Cumulative Preferred Stock. The stock is to be offered for public sale at \$20 per share. No underwriting is involved. However, the company, through the assistance of Mitchum, Jones & Templeton, will invite selected dealers to participate in the offering on a best efforts basis. The amount of the selling commission is to be supplied by amendment.

The company's 1957 construction program is estimated at \$16,940,000, of which \$9,696,000 has been completed at August 31, 1957. The cash requirements to complete the program are estimated at \$4,650,000. The net proceeds of the preferred stock sale will be used to pay \$1,950,000 of bank loans incurred prior to August 31st for 1957 construction, and additional bank loans incurred and to be incurred since that date to provide the cash for the completion of 1957 construction. It is estimated that about \$2,100,000 of bank loans will remain outstanding at the end of 1957. Additional funds required for 1958 construction (estimated at \$8,400,000) will also be initially obtained from bank loans. The company plans to finance permanently the \$2,100,000 balance of 1957 bank loans and the 1958 bank loans through the sale of bonds and common stock.

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

(OVER)

HOME OWNERS LIFE INSURANCE FILES FOR COMMON OFFERING

Home Owners Life Insurance Company, Fort Lauderdale, Fla., filed a registration statement (File 2-13731) with the SEC on November 1, 1957, seeking registration of 50,000 shares of Class A common stock and 116,366 shares of Class B common stock. The company proposes to offer the Class A shares for purchase at \$5 per share by its agents as a sales incentive. The 116,366 Class B shares are to be offered to the stockholders of the company at \$6 per share, at the rate of 2 new shares for each five shares held. No underwriting is involved. Net proceeds will be used in the conduct of the company as a legal reserve life insurance company.

YANKEE ATOMIC ELECTRIC COMMON STOCK OFFERING CLEARED

Yankee Atomic Electric Company, Boston, has received SEC authorization (Holding Company Act Release No. 13580) to issue and sell 30,000 additional shares of its capital stock to its stockholder companies for \$3,000,000. The proceeds will be used, in part, to retire outstanding short-term notes in the amount of \$1,000,000 and the balance for construction. Of the twelve stockholder companies, New England Power Company will acquire 30% of the new offering and The Connecticut Light and Power Company 15%, the largest individual purchases.

RANCHO CLUB CABAZON CORP. STOCK OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order temporarily suspending an exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Rancho Club Cabazon Corporation, of Las Vegas, Nevada. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Rancho Club filed a Regulation A notification with the Commission on September 13, 1957, proposing the public offering of 300,000 shares of its common stock at \$1 per share. The company was organized for the purpose of acquiring a 21% interest, as a limited partner, in B J and Company, which was formed for the purpose of operating a restaurant, cocktail bar and draw poker casino in Cabazon, County of Riverside, California. The 21% partnership interest was to be purchased from Ben Greenblatt and Jerry Kosseff for \$210,000, the balance of the proceeds to be used for legal fees and other expenses and for working capital. Greenblatt and Kosseff are officials of K G Corporation, which has a 5% partnership interest in B J and Company. Kosseff is president and a director and Greenblatt is vice president and a director of Rancho Club.

In its suspension order, the Commission asserts that the conditional exemption from registration provided by Regulation A is not available for the stock offering by Rancho Club, for the reasons (1) that the company is an investment company as defined in the Investment Company Act of 1940 and an exemption for a stock offering by such a company is not available under Regulation A; and (2) that securities are being offered for the account of persons other than the issuer and an exemption under Regulation A is therefore not available.

Furthermore, according to the Commission's order, it appears that Rancho Club's offering circular contains false and misleading statements with respect to (1) the failure to indicate the cost to the promoters of their interests in the issuer and in the partnership, B J & Company; (2) the failure to set forth clearly the nature of the interests of the promoters in the issuer, the K G Corporation, and the partnership; (3) the failure to set forth clearly the history, interests and purposes of

the partnership; (4) the statements in the offering circular which purport to estimate and project the profit of the enterprise; (5) the failure to state that substantially all of the profits arising out of the enterprise will inure to the benefit of the promoters while substantially all of the capital will have been contributed by the public; (6) the failure to include the financial operating history, if any, of the partnership including information as to its income and expenses; (7) the failure to include a statement of the partnership's assets and liabilities in which the issuer proposes to acquire a 21% interest; and (8) the failure to disclose in the financial statements of the issuer that the interest in the partnership is stated at an amount representing the par value of promotional shares, issued pursuant to the contingent contract, and the par value of additional stock to be issued to the promoters and cash to be paid from the proceeds of the proposed offering. (See Securities Act Release No. 3858.)

SEC COMMENCES ACTION AGAINST PEOPLES SECURITIES CO.

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to deny an application for broker-dealer registration filed by Peoples Securities Company, of Houston, Texas. The hearing therein is scheduled to commence on November 12, 1957, in the Commission's Fort Worth Regional Office.

Peoples' application was filed on March 28, 1957, and its effective date was postponed until further order of the Commission. L. B. Hartgrove, Sr., is listed as a director, board chairman and a controlling stockholder; Clifford Bryant Renegar as secretary-treasurer, a director, and a controlling stockholder; and Robert Macy Compton as president, a director, and a controlling stockholder. Hartgrove is said to control Union Trust Company, which is a stockholder of Peoples. In an application for broker-dealer registration filed in 1956 by Sequoyah Securities Company and later withdrawn, Union is listed as a controlling stockholder of Sequoyah.

In its order, the Commission asserts that information developed in an investigation conducted by its staff tends to show -

(A) that Peoples' application contains false and misleading statements of material facts concerning (1) the identity of officers, directors, controlling persons and stockholders of Peoples, and (2) the connections within the past 10 years with any other broker-dealer of the persons named as officers, directors, controlling persons and stockholders of Peoples, and the nature and period of each such connection;

(B) that during the period May 12, 1953, to August 22, 1955, Hartgrove offered and sold stock in Capital National Life Insurance Company and in Capital National Trust Company by means of false and misleading representations and omissions of material facts concerning the use to be made of the proceeds, the recipients of such proceeds, the commissions that would be paid on such sales, and the investment quality and value of such stock; and

(C) that during the period November 25, 1955 to date, Sequoyah, Hartgrove, Compton, Renegar and Union offered and sold securities of The American Founders Life Insurance Company and its successor, United Founders Life Insurance Company, without prior registration thereof under the Securities Act of 1933, and by means of false and misleading representations

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and omissions of material facts concerning statutory requirements for insurance company investments, surveys made of the insurance potential of Oklahoma, the protection of law to a purchaser of insurance company stock, the failure of insurance companies, the profits of insurance companies, the payment of dividends by an insurance company, the risk of investment in an insurance company, the use and recipients of the proceeds of such sales, and the investment value and quality of the securities being sold. Hartgrove, Compton and Renegar are said to have caused Union to make such offers, sales, representations and omissions; and Union, Hartgrove, Compton and Renegar are said to have caused Sequoyah to make such offers, sales, representations and omissions.

The foregoing information, if true, tends to show, according to the Commission's order, (I) that Peoples willfully violated the registration requirements of the Securities Exchange Act of 1934; (II) that Sequoyah, Hartgrove, Compton, Renegar and Union "engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers" of the securities referred to in (B) and (C) above, in violation of the anti-fraud provisions of the Securities Act of 1933; (III) that Sequoyah, Hartgrove, Compton, Renegar and Union willfully violated the registration requirements of the Securities Act in their sale of the securities referred to in (C) above; and (IV) that Union willfully violated the registration requirements of the Securities Exchange Act by engaging in the securities business without registration under that Act.

At the November 12th hearing, inquiry will be conducted for the purpose of determining whether the foregoing information is true and, if so, whether it is in the public interest to deny broker-dealer registration to Peoples Securities Company. (See Securities Exchange Act Release No. 5594.)

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