

# 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.

September 7, 1956

FOR RELEASE

## Securities Act Release No. 3687

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 William Tell Productions, Inc., of New York. The order provides an opportunity for hearing, upon request, on the question whether the suspension order should be vacated or made permanent.

William Tell Productions filed its Regulation A notification with the Commission on November 4, 1955, proposing the public offering of 295,000 shares of its 10¢ par value common stock at \$1 per share. In its suspension order, the Commission asserts that it has "reasonable grounds to believe" that the terms and conditions of Regulation A have not been complied with, in that (1) the issuer failed to disclose that W. T. Clemons Associates was, and is, an affiliate; (2) the \$300,000 limitation for Regulation A exemptions was exceeded, in that W. T. Clemons Associates offered and sold securities in an amount which, when combined with the offering by the issuer, exceeded said limitation; (3) the issuer failed to disclose sales of securities by W. T. Clemons Associates within one year prior to the date of filing of the notification; (4) the issuer, through its underwriter, Rutledge Irvine & Co., Inc., sold its securities without giving or delivering an offering circular to the purchasers thereof; (5) the issuer, through said underwriter, offered and sold its securities prior to the filing of an amended offering circular disclosing information with respect to the underwriting agreement with the underwriter; and (6) the issuer, through said underwriter, sold its securities prior to and during the "waiting period" following the filing of amending material to the offering.

## Securities Act Release No. 3689

The Securities and Exchange Commission has instituted proceedings under the Securities Act of 1933 to determine whether a "stop order" should be issued suspending the effectiveness of a registration statement filed by American Investors Corporation, Nashville, Tenn.

At a hearing scheduled for September 20, 1956, in the Commission's Washington office, inquiry will be conducted into the question whether information contained in the registration statement is false and misleading in material respects and, if so, whether the stop order should issue.

American Investors filed its registration statement on July 13, 1956, proposing the public offering of 4,000,000 shares of its Common Stock at \$2 per share. The offering would be made through company officials or employees under supervision of its management, for which a 20¢ per share commission was to be paid. An additional

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962,500 shares, reserved for issuance upon the exercise of options granted by the company to its employees, also were included in the registration statement. According to the prospectus, the company planned to use not more than \$6,000,000 of the proceeds of the financing for the purchase of all of the common stock of American Investment Life Insurance Company, to be organized under Tennessee law and to conduct a full line of life and disability insurance business. The balance of the proceeds were to be used for the purchase of all fixed assets required for the conduct of the insurance business, which would be rented by the Insurance Company. Jimmie Davis of Shreveport and Frank Poole of Nashville were named as board chairman and president, respectively.

In its order authorizing the proceedings, the Commission asserts that the registration statement filed by American Investors "includes untrue statements of material facts and omits to state material facts required to be stated therein and material facts necessary to make the statements therein not misleading." More particularly, the Commission challenges the adequacy and accuracy of disclosures with respect to (1) the plan of distribution of the securities; (2) the use of the proceeds of the sale of securities; (3) the description of the business to be conducted; (4) the identity of the promoters of the company; (5) the description of the principal occupations of certain officers and directors; and (6) the granting of options for the purchase of stock.

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General Telephone Company of Indiana, Inc., Lafayette, Ind., filed a registration statement (File 2-12765) with the SEC on September 6, 1956, seeking registration of 95,000 shares of its \$2.50 Preferred Stock (no par value). The company proposes to offer these shares in exchange for the outstanding shares of Series "A" 5% Cumulative Preferred Stock of The Home Telephone and Telegraph Company and for the outstanding shares of Series "A" 5% Cumulative Preferred Stock of Citizens Independent Telephone Company. Such exchange is to be offered on the basis of one share of General preferred plus \$2 in cash for each share of Home preferred, and one share of General preferred plus \$2.50 in cash for each share of Citizens preferred.

The exchange offer is part of a proposed plan of merger of Home and Citizens into General. General Telephone Corporation owns all of the outstanding common stock of General, 76% of the outstanding common stock of Home and all of the outstanding common stock of Citizens. The objective of the proposed plan of merger is to combine the three Indiana subsidiaries of General Telephone into a single, integrated telephone operating company. Under the proposed plan of merger, General will issue shares of its common stock for the common stock of Home and for the common stock of Citizens. The rate of exchange of common shares is to be supplied by amendment.

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The Columbia Gas System, Inc., New York, filed a registration statement (File 2-12766) with the SEC on September 6, 1956, seeking registration of \$25,000,000 of Debentures, Series G due 1981, to be offered for public sale at competitive bidding. Net proceeds will be added to the general funds of the company and, together with other available funds, will be used to finance its 1956 construction program. This program is expected to involve expenditures of approximately \$73,000,000.

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Securities Exchange Act Release No. 5360

The Securities and Exchange Commission has instituted proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of David Gordon & Company, New York, should be revoked and whether the firm should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

In its order authorizing the proceedings, the Commission asserts that "information obtained as a result of an investigation" tends to show (1) that David Gordon & Company and David Gordon, a general partner thereof, were enjoined by an August 30, 1956 decree of the Supreme Court of the State of New York, County of New York, from engaging in or continuing certain conduct and practices in connection with the purchase and sale of securities; and (2) that the firm failed to make and keep current certain books and records required to be maintained by Commission rules.

At a hearing scheduled for September 26, 1956, in the Commission's New York Regional Office, inquiry will be conducted into the question whether David Gordon & Company and Gordon are so enjoined and whether they have violated Commission rules by reason of their failure to make and keep current certain books and records and, if so, whether it is in the public interest to revoke the firm's broker-dealer registration and to suspend or expel it from NASD membership.

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