

# 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

October 1, 1956

## Statistical Release No. 1406

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended September 28, 1956, for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1956, is as follows:

	<u>(1939 = 100)</u>		Percent <u>Change</u>	<u>1956</u>	
	<u>9/28/56</u>	<u>9/21/56</u>		<u>High</u>	<u>Low</u>
Composite	333.7	343.1	- 2.9	366.2	319.0
Manufacturing	425.2	438.4	- 3.0	468.6	398.6
Durable Goods	408.5	421.9	- 3.2	437.6	369.4
Non-Durable Goods	441.0	454.0	- 2.9	500.8	425.2
Transportation	303.2	314.5	- 3.6	353.0	312.8
Utility	151.9*	154.9	- 1.9	161.5	151.9
Trade, Finance & Service	290.7*	300.3	- 3.2	325.5	290.7
Mining	335.8	349.0	- 3.8	383.2	326.8

\*New Low

## Securities Act Release No. 3696

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 Republic Cement Corporation, Prescott, Arizona, which proposed the public offering of 965,000 shares of Capital Stock at \$10 per share.

At a hearing scheduled for October 12, 1956, in the Los Angeles office of the Commission, inquiry will be conducted into the question whether the registration statement complies with the disclosure requirements of the Securities Act and, if not, whether a stop order should be issued.

According to the registration statement, Republic holds certain unpatented placer mining claims on limestone deposits in Yavapai County, Arizona, and San Bernardino County, California; and it proposes to cause to be built and to operate a plant for the production of cement, to be located near Drake, in Yavapai County, Arizona. Of the net proceeds of the proposed financing, \$6,586,000 would be used for construction contract payments. The promoter and president of the company is Burney C. Prigge, of Beverly Hills, who owns 567,000 (80%) of the presently outstanding shares. Of the 706,680 shares outstanding, 696,570 are said to have been issued for promotional services.

In its order authorizing the stop order proceedings, the Commission asserts that Republic's registration statement includes untrue statements of material facts and omits material facts required to make statements therein not misleading. Among these, according to the Commission, is the failure to state in the forepart of the prospectus, in clear, concise, and understandable fashion, certain facts with respect to the organization and promotion of Republic, including the failure to point out that the offering of the shares is to be made by the underwriter (Vickers Brothers) on a "best efforts" basis and that there is no assurance that any or all of the shares will be sold; that if less than all the shares are sold there is no assurance of sufficient funds to proceed with or complete the construction program; that in such event there is no provision for the return of all or any portion of funds paid in by investors; that if the initial construction and operating program is successful the proposed expansion of production facilities will require an additional \$6,000,000 of funds and that at present the issuer has no program for the raising of such additional funds; the disparity of the investment and risks taken in the venture by the promoters and by the general public, and the resulting effect on the percentage of voting control and participation in any possible future earnings; that the management officials have had no experience in the production of cement, nor, with one exception, in the marketing thereof; that the proposed initial productive capacity of the issuer, plus that of its nearest competitor in the area in which the issuer can most economically distribute its grey cement, is far in excess of all past demands therefor in the area and that, therefore, the issuer faces the initial prospect of extreme competition in the marketing of its grey cement; and that Republic's proposed initial productive capacity of white cement is approximately 25% of the recent national consumption of white cement, as well as the competition which the issuer will encounter from domestic and foreign sources which now supply white cement in the issuer's proposed eleven state marketing area.

The accuracy and adequacy of various other items of information in the registration statement and prospectus are challenged by the Commission including those with respect to the plan for distribution of Republic's stock; the description of its business; the proposed plant construction; the quantity and quality of the raw materials available to Republic for producing cement; certain recommendations in the prospectus for construction, operation and expansion of the plant; the description of the securities; the use of proceeds of the financing; transactions with promoters; and the financial statements. With respect to the description of the company's business, for example, the Commission points to a failure to disclose (1) that consumption of grey cement in Arizona approximates some 2,400,000 barrels annually, that another plant in Arizona having a production capacity of 2,700,000 barrels per annum was operated in June 1956 at a capacity of 1,725,000 barrels per year, and that such other plant had shut down its third kiln due to a lack of sales in the area; (2) that if Republic's proposed increase in productive capacity for grey cement is carried out, its productive capacity will be approximately 125% of the total annual consumption of grey cement in the entire state of Arizona, that the combined productive capacity of Republic and of the Arizona Portland Cement Company will be approximately  $2\frac{1}{2}$  times the total annual consumption of grey cement in the State, and that the productive capacity of Republic for white cement will be 960,000 barrels per year, or 96% of the white cement consumed annually in recent years in the United States.

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Securities Act Release No. 3697

The Securities and Exchange Commission announced today that, at the request of William Tell Productions, Inc., of New York, the Commission has scheduled a hearing for October 11, 1956, at 10:00 A. M., in its New York Regional Office, to determine whether to vacate, or make permanent, the Commission's order of September 5, 1956, temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities by that company.

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 common stock at \$1 per share. In its suspension order of September 5th, the Commission asserted that it had reasonable grounds to believe that the terms and conditions of Regulation A were not complied with in various particulars, including the failure to disclose the affiliation of W. T. Clemons Associates and the latter's sales of the issuer's stock (which, when added to the offering by the issuer, exceeded the \$300,000 limitation prescribed by Regulation A); sales of issuer's stock through an underwriter without delivery of an offering circular to purchasers, as well as offers and sales of such stock prior to the filing of an amended offering circular disclosing information with respect to an underwriting agreement with the underwriter; and sales of stock prior to and during the "waiting period" following the filing of amending material to the offering.

At the October 11th hearing, inquiry will be conducted into the foregoing matters for the purpose of determining whether the suspension order should be vacated or made permanent.

Holding Company Act Release No. 13270

Ohio Edison Company (Akron) has received SEC authorization to acquire, for a cash consideration of \$335,000, the municipal electric distribution system of the Village of Huron, O., which parties will become a part of the company's integrated system.

Investment Company Act Release No. 2416

The SEC has issued an order under the Investment Company Act granting an exemption with respect to certain intercompany transactions between Equity General Corporation, Jersey City, N. J. investment company, and Sterling Precision Corporation, of New York City. Sterling and Equity have entered into a financing agreement whereby \$1,400,000 of short term loans were made by Equity to Sterling for the repayment of bank loans and other corporate purposes pending permanent financing by Sterling through the issuance and sale of preferred stock. Sterling will offer 379,974 shares of 5% convertible preferred stock. Sterling will offer 379,974 shares of 5% convertible preferred stock, \$10 par, to the holders of its preferred and common stock at a price of \$10 per share. Equity will exercise its subscription privileges as a stockholder of Sterling to the extent necessary to assure the purchase by stockholders of 290,000 shares of the new preferred. Proceeds from the sale of these shares will be used by Sterling to repay the short term loans by Equity and for general corporate purposes. If more than 290,000 preferred shares are sold, Sterling will apply the gross proceeds from such additional number of shares, but not in excess of the proceeds received from the sale of shares

to Equity pursuant to the subscription offer, to the partial redemption of debentures, outstanding in the amount of \$3,400,000. Equity owns \$1,800,000 of these debentures and the balance is owned by Schuyler Corporation, which has waived its right to partial redemption.

Holding Company Act Release No. 13272

Michigan Consolidated Gas Company, Detroit subsidiary of American Natural Gas Company, has applied to the SEC for authorization to borrow from certain banks amounts not exceeding \$30,000,000 in the aggregate; and the Commission has issued an order scheduling the matter for hearing on October 12, 1956. The borrowed funds would be used in furtherance of the current construction program of Michigan Consolidated, estimated at \$35,501,000 for 1956, and \$34,162,000 for 1957. The company proposes in 1957 to consummate a long-term financing program in an amount sufficient to retire all bank loans then outstanding and to provide funds for further construction.

Holding Company Act Release No. 13273

Iroquois Gas Corporation, Buffalo subsidiary of National Fuel Gas Company, has received SEC authorization to acquire, for a cash consideration of \$450,000, all of the natural gas properties of Reservation Gas Company and Finance Oil Company, located in Erie, Cattaraugus and Chautauqua Counties, New York. For the immediate present Iroquois intends to operate the properties for gas distribution. However, they are suitable for eventual conversion into underground storage areas for natural gas.

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Van Horn Butane Service, Fresno, Calif., filed a registration statement (File 2-12823) with the SEC on September 28, 1956, seeking registration of 75,000 shares of Series A \$\_\_\_ Dividend Cumulative Convertible Preferred Stock, \$25 par, to be offered for public sale through an underwriting group headed by Schwabacher & Co. and J. Barth & Co. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the financing are to be used as follows: \$244,000 for remaining purchase price for stock of Liquid Gas & Appliance Co.; \$282,000 for purchase price of stock of Ransome Company of Nevada; \$331,000 for purchase of certain assets of Ransome Company, a California company; \$220,000 as the portion to be paid in cash of the remaining purchase price of the stock of Teton Gas and Appliance Company, General Equipment Company, The McHade L. P. Gas Company, Lincoln Gas and Appliance Company, and Sweetwater Gas and Equipment Company; and \$573,000 as reduction of short term indebtedness and as additional working capital.

The five companies are being acquired from J. M. McIntire, Ruth M. McIntire, A. M. Hafey, Barney DeCora and Hannan DeCora. The adjusted purchase price of Teton Gas is estimated at \$77,378; and the adjusted purchase price of the other four companies is estimated at \$463,754. The company also is acquiring substantially all of those assets of Ransome of California which are devoted to L-P gas distribution, including all the stock of Industrial Gas Service, for a purchase price of \$431,000; the stock of Ransome of Nevada for \$282,131.55; and the stock of Liquid Gas for \$260,000.

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Loyal American Life Insurance Co., Inc., Mobile, Ala., filed a registration statement (File 2-12824) with the SEC on September 28, 1956, seeking registration of 230,000 shares of its \$1 par Common Stock, to be offered for subscription by holders of its common stock at the rate of one share of additional stock for each three shares held on October 15, 1956. The subscription price is to be supplied by amendment. Underwriters headed by J. H. Goddard & Co., Inc. and Thornton, Mohr & Farish will receive a commission of 50¢ per share.

The registration statement also covers an additional 72,480 common shares, to be issued upon the exercise of certain options held by J. H. Faulkner, president, and others.

Net proceeds of the offering are to be used to increase the company's capital and surplus and thereby furnish it with additional capital funds to expand its business by increasing the amount of insurance which it can write through its agents or which it may acquire from other insurance companies.

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International Bank, Washington, filed a registration statement (File 2-12825) with the SEC on September 28, 1956, seeking registration of \$1,000,000 of Time Certificates, Series B, C, and D. The certificates are to be offered for public sale at 100% of their principal amount. Johnston, Lemon & Co. will offer the securities as agent for the issuer; and it will receive a commission of 3/4% on the \$200,000 of Series B certificates; 1% on the \$300,000 Series C; and 1 1/4% on the \$500,000 Series D.

International Bank is not a commercial bank. It does not accept public deposits or act as fiduciary; and it is not subject to the jurisdiction of the Comptroller of the Currency or the Superintendent of Banks of the State of Arizona. It is presently engaged in the business of loaning money to officers and certain non-commissioned officers of the Armed Forces of the United States. Net proceeds of this financing will be added to the working capital of the company; and it is the company's present intention to use the proceeds for making loans in connection with the Officers Finance Plan.

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Central Illinois Public Service Company, Springfield, Ill, today filed a registration statement (File 2-12827) with the SEC seeking registration of 170,000 shares of its \$10 Par Common Stock, to be offered for public sale at competitive bidding. Net proceeds will be used to finance a part of the cost of the Company's construction program. \$2,000,000 of such proceeds will be used to prepay and discharge an equivalent amount of short-term bank borrowings, incurred to finance construction expenditures. The program of construction involves expenditures estimated at about \$33,000,000 for the period August 1, 1956 to December 31, 1957.

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