

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

(In ordering full text of Releases from Publications Unit, cite number)



Washington 25, D.C.

FOR RELEASE February 20, 1959

NEW YORK STOCK EXCHANGE MODIFIES COMMISSION RATE SCHEDULE

The Securities and Exchange Commission announced today that its staff had completed a study of commission rates charged by members of the New York Stock Exchange as a result of an increase in commission rates adopted by the Exchange on May 1, 1958.

The study, announced in Securities Exchange Act Release No. 5678, dated April 14, 1958, was made in view of the responsibilities and duties imposed upon the Commission by Section 19(b) of the Securities Exchange Act of 1934 with respect to the rules of national securities exchanges, including rules relating to the fixing of commission rates.

After extensive discussions the Exchange is taking steps in line with the suggestions of the Commission.

These steps fall into three general areas. Firstly, the making of certain reductions in commission rates on transactions under \$2,400 together with the elimination of the so-called "round-turn" commission rate; secondly, the initiation of further studies by the Exchange in collaboration with the Commission in respect to the rate structure and the development of information concerning the costs incurred by the member firms in the securities commission business; and, thirdly, establishment of revised procedures to provide the Commission and the public with greater advance notice in cases where the Exchange's Board of Governors is to consider proposed changes in commission rates.

With respect to commission rates, the Board of Governors of the Exchange has approved and submitted to the membership an amendment to the commission rate schedule which would reduce the commission rate on transactions ranging from \$100 to \$2,400. The change would reduce commissions approximately five per cent on the average in this area. These modifications were suggested in view of the fact that the May 1958 percentage increases on transactions from \$100 to \$2,400 were relatively greater than the average percentage increase. The Board of Governors has also recommended to the membership the elimination of the so-called "round-turn" commission rate under which a reduced rate is granted to persons whose purchase and sale of the same security is completed within 14 days. It was the view of the Commission that this type of transaction was not entitled to a special discount and the Exchange felt this rate had not achieved its desired objective.

An Exchange committee will further study the use of a so-called volume or block discount for transactions involving multiple round lot units. The Exchange also proposes to study the possibility of further developing its income and expense survey of member firms as a source of data in connection with the commission rates, and to work with the staff of the Commission and consultants employed by the Exchange to prepare an outline for the basis of a cost study to be made by the Exchange.

With respect to the advance notice, the Exchange proposes to amend its rules to provide that any proposed Constitutional amendment to change commission rates or other charges shall be announced 30 days in advance of action by the Board of Governors of the Exchange. Also, the Commission will be advised of any steps taken by the Exchange looking toward changes in commission rates or other charges

TRADING IN JACOBS CO. AND BON AMI STOCKS AGAIN SUSPENDED

The Securities and Exchange Commission has issued orders pursuant to Section 19(a)(4) of the
OVER

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

Securities Exchange Act of 1934 suspending exchange trading in the common stocks of F. L. Jacobs and the Class A and Class B common stocks of The Bon Ami Company for a further period of ten days, February 21 to March 2, 1959, inclusive. All three stock issues are listed and registered on the New York Stock Exchange; and the Jacobs Co. stock also is admitted to unlisted trading privileges on the Detroit Stock Exchange.

Upon the basis of a finding by the Commission that such suspensions are necessary to prevent fraudulent, deceptive or manipulative acts or practices, trading by brokers and dealers in such stock in the over-the-counter markets also is prohibited during the period of the suspensions, by reason of the Commission's Rule 15c2-2.

The Commission on February 11, 1959, ordered proceedings pursuant to Section 19(a)(2) of the Act for the purpose of determining whether the respective companies have failed to comply with the reporting and disclosure requirements of the Act and Commission rules thereunder and, if so, whether it is necessary or appropriate in the public interest or for the protection of investors to suspend their respective stock issues from listing and registration on the New York Stock Exchange for a period not exceeding twelve months, or to withdraw same from such listing and registration. The hearing with respect to Jacobs Co. is scheduled for March 16, 1959, and concerning Bon Ami on March 23, 1959. The hearing on Bon Ami is consolidated with proceedings on an application of the New York Stock Exchange to delist the Bon Ami stocks. The Exchange previously had suspended trading in the stock issues of both companies.

A petition filed in behalf of Bon Ami by its president, R. Paul Weesner, requesting that the Commission's order of temporary suspension be modified "to exclude from the prohibition of said order the members of the general public and to confine the prohibition of said Order to the specified persons and companies with which the Commission is immediately concerned," has been denied by the Commission. This petition was generally supported by Shelby Carter, Enos Curtin and Winfield I. McNiell, the Bon Ami Company Stockholders Committee, which Committee urged "that the real question presented is whether the Commission should issue additional temporary suspension orders."

KLM ROYAL DUTCH AIRLINES FILES FOR OFFERING

Koninklijke Luchtvaart Maatschappij N. V. (KLM Royal Dutch Airlines) The Hague, The Netherlands, filed a registration statement (File 2-14757) with the SEC on February 19, 1959, seeking registration of \$17,000,000 of Convertible Subordinated Debentures due 1979, to be offered for public sale through an underwriting group headed by Smith, Barney & Co. and The First Boston Corporation. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Since 1956 the Company has had on order 8 Douglas DC-8 jet aircraft to be delivered in 1960 and 12 Lockheed Electra turbo-prop aircraft to be delivered in 1959 and 1960. The financing of these aircraft and related flight and ground equipment was provided for through available bank credits arranged for in 1956 and the proceeds from the sale of the Company's Common Shares in 1957, together with estimated funds to be derived from internal sources, including earned depreciation, amounts credited to reserves, retained earnings and proceeds from sales of replaced aircraft and other assets.

In 1957 and 1958 the Company purchased 5 Douglas DC-7C's and 3 Lockheed 1049H's not previously included in its equipment program, costing approximately \$20 million, which were financed from working capital.

The Company now intends to order additional jet aircraft, costing approximately \$40 million either by purchasing more Douglas DC-8's or by placing orders with other manufacturers.

In order to finance the acquisition of the additional jet aircraft and to provide for future working capital requirements, the company estimates that it will require approximately \$37 million of new external financing. As part of its financing program, in addition to the sale of the debentures it is negotiating with three banks with respect to a new credit agreement whereby the revolving credit obtained in 1956 would be increased from \$50 to \$70 million. These funds together with the net income expected to be generated from internal sources are believed by the company to be adequate to meet its financial needs for this new program.

HOME TEL. & TEL. OF VIRGINIA FILES FOR RIGHTS OFFERING

Home Telephone and Telegraph Company of Virginia, 122 East St. James Street, Tarboro, N. Car., filed a registration statement (File 2-14758) with the SEC seeking registration of 92,160 shares of Capital Stock, to be offered for subscription at \$5 per share by stockholders of record February 27, 1959, in the ratio of one new share for each four shares then held. No underwriting is involved.

Net proceeds, estimated at \$445,000, will be applied toward reduction of amounts owed by the company on short-term notes to banks, amounting to \$530,000 on December 31, 1958. The notes were issued for general corporate purposes, including property additions and improvements; and the company intends to continue its practice of bank borrowings for such purposes.

WASTE KING PROPOSES PREFERRED STOCK OFFERING

Waste King Corporation, 3300 East 50th St., Los Angeles, today filed a registration statement (File 2-14759) with the SEC seeking registration of 100,000 shares of Series C 6% Cumulative Convertible Preferred Stock, \$17.50 par, to be offered for public sale through an underwriting group headed by Straus, Blosser & McDowell. The public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the stock sale, estimated at \$1,575,000 will be used by the company as follows: (1) \$1,137,500 in reimbursement of funds used for the purchase of 182,000 shares of common stock of Cribben and Sexton Company; (2) \$200,000 to the development and tooling of new product lines; and (3) the balance to augment working capital. The company on January 21, 1959, made an offer to purchase up to 182,000 common shares of Cribben and Sexton on the basis of one share of Waste King common, plus \$12.50 in cash, for each two shares of Cribben and Sexton common.

According to the prospectus, the company has called for redemption, its presently outstanding Series B 6% Cumulative Preferred Shares.

INLAND STEEL SEEKS REGISTRATION OF OPTIONED STOCK

Inland Steel Company, 30 West Monroe St., Chicago, today filed a registration statement (File 2-14760) with the SEC seeking registration of 174,000 shares of its capital stock, representing the numbers of shares initially issuable upon the exercise of stock options under the company's Executive Stock Option Plan.

A. S. ALOE PROPOSES DEBENTURE OFFERING

A. S. Aloe Company, 1831 Olive St., St. Louis, Mo., today filed a registration statement (File 2-14761) with the SEC seeking registration of \$2,500,000 of Convertible Subordinated Debentures due March 15, 1974, to be offered for public sale through an underwriting group headed by Goldman, Sachs & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Net proceeds will be added to the general funds of the company and used for general corporate purposes, including financing of increased inventories and receivables resulting from the growth of its business. Initially, the proceeds will be used to repay short term borrowings from banks and to retire outstanding commercial paper.

E. U. A. RIGHTS OFFERING CLEARED

The SEC has issued an order (Release 35-13928) authorizing Eastern Utilities Associates, Boston, Mass., to offer an additional 96,765 common shares for subscription by stockholders of record March 4, 1959, on the basis of one new share for each twelve shares then held. The subscription price will be fixed by the company shortly prior to the offering, and will be not lower than 85% of the average bid prices for EUA stock on the day next preceding the day on which the subscription price is fixed. Unsubscribed shares will be sold at the subscription price to underwriters to be selected and their compensation determined by competitive bidding. Net proceeds of the stock sale will be applied to the partial payment of outstanding short-term bank loans.

MICHIGAN WISCONSIN PIPE LINE FILES FINANCING PROPOSAL

Michigan Wisconsin Pipe Line Company, Detroit Mich., subsidiary of American Natural Gas Company, has joined with its parent in the filing of a proposal for further financing of its expansion
OVER

sion program; and the Commission has issued an order (Release 35-13929) giving interested persons until March 4, 1959, to request a hearing thereon.

Under the proposal, the Pipe Line Company will issue and sell an additional 100,000 shares of its \$100 par common stock to American for \$10,000,000 cash; and it further proposes to enter into a credit agreement with three banks whereby it may make borrowings during 1959 of up to \$20,000,000. Net proceeds will be used by the Pipe Line Company to pay a part of the costs of an expansion program during 1959 which is estimated to aggregate \$55,000,000.

G. P. U. BORROWINGS CLEARED

The SEC has issued an order (Release 35-13930) authorizing General Public Utilities Corporation, New York holding company, to make bank borrowings from time to time during the period ending March 31, 1960, in amounts aggregating not to exceed \$15,000,000 outstanding at any one time. Proceeds will be used by GPU for additional investments in its domestic public-utility subsidiaries or to reimburse its treasury for such investments made subsequent to December 31, 1958.

DETROIT EXCHANGE REQUESTS UNLISTED TRADING IN EIGHT ISSUES

The Detroit Stock Exchange has requested unlisted trading privileges in the common stocks of Celanese Corporation of America, Kaiser Aluminum & Chemical Corporation, Monsanto Chemical Company, Olin Mathieson Chemical Corporation, Reynolds Metals Company, and Sperry Rand Corporation, as well as the 20 Guilder Shares of Royal Dutch Petroleum Company and the New York Shares of "Shell" Transport & Trading Co. Ltd.; and the Commission has issued orders (Release 34-5888) giving interested persons until March 4, 1959, to request a hearing upon the respective applications. Each issue is listed and registered on the New York Stock Exchange and, in certain instances, upon other Exchanges

PHILADELPHIA-BALTIMORE EXCHANGE GRANTED TRADING IN TWO ISSUES

The SEC has issued orders (Release 34-5888) granting applications of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stocks of Corn Products Company and the Upjohn Company, which stocks are listed and registered on the New York Stock Exchange.

PACIFIC COAST EXCHANGE GRANTED TRADING IN ONE ISSUE

The SEC has issued an order (Release 34-5888) granting an application of the Pacific Coast Stock Exchange for unlisted trading privileges in the Corn Products Company common stock.

ALUMINUM INDUSTRIES STOCK DELISTED

The SEC has issued an order (Release 34-5888) giving interested persons until March 4, 1959 to request a hearing upon an application of the Cincinnati Stock Exchange to strike from listing and registration the common stock of Aluminum Industries, Inc., 91.5% of which is owned by Gera Corporation.

CANADIAN PYRITES PROPERTY SALE EXEMPTED

The SEC has issued an order under the Investment Company Act (Release 40-2832) authorizing Canadian Pyrites, Limited, to sell certain property located in Canada to Du Pont Company of Canada Limited for \$2,510. The property consists of some 645 acres located in the southern part of the Algoma District of the Province of Ontario.