CITIES SERVICE - ARKANSAS FUEL HEARING SCHEDULED

The SEC today announced that the hearing would be resumed on March 31, 1959, upon the plan filed by Cities Service Company for compliance with a 1957 order of the Commission directing Cities to effect the elimination of the 48.49% public minority stock interest in Arkansas Fuel Oil Corporation or the disposition by Cities of its 51.51% stock interest in Arkansas Fuel.

The new Cities plan provides for the exchange of shares of Cities common stock for shares of Arkansas Fuel common owned by the public minority stockholders, on the basis of one share of Cities common for 2.4 shares of Arkansas Fuel common. The Commission denied a motion of the Arkansas Fuel Public Common Stock Committee for an order striking Cities' exchange-of-stock plan and directing immediate resumption of the hearings on Cities' earlier division-of-assets plan. Cities had previously filed a notice that it was withdrawing its plan for a division of the assets of Arkansas Fuel among the latter's stockholders. The Commission, however, ruled that there should be included among the issues for trial at the March 31st hearing the question whether Cities' new plan is fair and equitable and whether, in the event such plan is not approved, the Commission should take action pursuant to Section 11(d) of the Act to propose its own plan for compliance with the 1957 order.

EQUITY CORP. SEeks EXEMPTION ON INSURANCE COMMISSION

The Equity Corporation, New York investment company, has applied to the SEC for an order of exemption under the Investment Company Act permitting insurance agencies and brokers which are members of the Equity Group to receive commissions (whether from affiliated or non-affiliated insurance companies) on insurance placed on property or risks of members of the Equity Group; and the Commission has adopted an order (Release 40-2842) giving interested persons until March 27, 1959, to request a hearing thereon. The application also requests the issuance of a new exemption order of the Commission in substitution for several orders previously issued which granted similar relief to that now sought.

INVESTMENT COMPANIES SEEK REGISTRATION OF ADDITIONAL SHARES

The following investment companies on March 2, 1959, filed amendments to their respective registration statements seeking registration of additional securities, as indicated:

- Broad Street Investing Corporation (File 2-10835), New York 2,500,000 shares of capital stock
- Channing Service Corporation (File 2-13852), New York $20,000,000 of investment programs
- Chemical Fund, Inc. (File 2-10768), New York 2,000,000 shares of capital stock
- National Investors Corporation (File 2-10836), New York 3,000,000 shares of capital stock
- Whitehall Fund, Inc. (File 2-10837), New York 250,000 shares of capital stock

For further details, call ST. 3-7600, ext. 5526
SECTION 16(b) RULE PROPOSED

The SEC today announced a proposal (Release 34-5907) for the adoption of a new Rule 16 under the Securities Exchange Act of 1934 to provide a limited exemption from the recovery provisions of Section 16(b) of the Act; and it invited the submission of views and comments thereon not later than March 26, 1959.

Section 16(b) of the Act provides that profits obtained by officers, directors and 10% owners of the stock of a listed company from purchases and sales, or sales and purchases, of any equity securities of such company within any 6 months period may be recovered by the company or by any security holder on its behalf.

The proposed rule would provide an exemption from this provision for the receipt from an issuer of shares of a listed stock upon the surrender of an equal number of shares of stock of the same issuer where the transaction is effected pursuant to the provisions of the issuer's charter for the purpose of making an immediate sale of the shares so received, subject to certain conditions prescribed in the rule.

BALD EAGLE GOLD MINING OFFERING PERMANENTLY SUSPENDED

The SEC today announced the issuance of a decision (Release 33-4048) permanently suspending a Regulation A exemption from Securities Act registration with respect to a public stock offering by Bald Eagle Gold Mining Company, of Needles, Calif., because of false and misleading statements of material fact in its offering circular, failure to disclose certain information, and the filing of misleading reports of stock sales.

Bald Eagle made a public offering of 1,000,000 common shares at 25c per share pursuant to a Regulation A notification filed in 1953. The Regulation A exemption was temporarily suspended by Commission order in April 1957, prior to which the company had sold to public investors in several states some 5,700 shares for about $1,425. The Commission ruled that Bald Eagle's offering circular was materially false and misleading in respect of certain material facts.

The circular represented that Lewis A. Aplington was the underwriter despite the fact that Aplington had withdrawn as underwriter without offering or selling any of the shares. The company's president, Quincy Crain, made all stock sales and was sole underwriter and recipient of the selling commissions; but no revisions of the offering circular were made to reflect these facts. Moreover, the circular stated that the offering would be made through brokers experienced in handling securities because that would facilitate the offer and sale of stock; but Crain had no previous experience in the securities business; and Aplington was a mining engineer who, to Crain's knowledge, had no experience in the securities business.

Furthermore, the offering circular was not revised to reflect the fact that, in December 1956, Bald Eagle purchased two additional mining claims for 50,000 common shares and that, during the course of the stock offering, certain persons who had supplied money to finance drilling operations were granted options (apparently unlimited in time) to purchase some 205,000 shares at 25c per share.

In a report of stock sales filed by Bald Eagle, no disclosure was made of the issuance of the options, which reduced the number of shares available for sale under the stock offering, although the report form requires the issuer to state the number of shares offered, sold and still being offered.

In addition, according to the Commission's decision, Bald Eagle sold approximately 70,000 shares for some $17,500 after receipt of notice of the Commission's temporary suspension order of April 1957.

FORD MOTOR FILES FOR SECONDARY

Ford Motor Company, The American Road, Dearborn, Mich., filed a registration statement (File 2-14828) with the SEC on March 12, 1959, seeking registration of 2,000,000 shares of its Common Stock. These shares are to be sold and delivered to underwriters upon conversion of shares of Class A stock owned by The Ford Foundation; and the common shares are to be offered by the CONTINUED
Foundation for public sale through an underwriting group headed by Blyth & Co., Inc., The First Boston Corporation, Goldman, Sachs & Co., Kuhn, Loeb & Co., Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith, Inc., and White, Weld & Co. The initial public offering price will be a fixed price agreed to by the Ford Foundation and the underwriters in relation to the current market quotations for the Ford Motor common on the New York Stock Exchange immediately prior to the offering. Underwriting terms are to be supplied by amendment.

The capital structure of the company at December 31, 1958, as adjusted to give effect to the issuance of the 2,000,000 of common shares upon conversion of the same number of shares of Class A stock, included 34,132,239 shares of Class A stock, 6,293,100 shares of Class B stock, and 14,336,504 shares of common stock. The selling stockholder, The Ford Foundation, a non-profit corporation, owned on March 2, 1959, 36,132,239 Class A shares, representing 65.9% of the outstanding equity securities of the company "and constituting a very substantial portion of the Foundation's total assets. Upon the sale of the shares offered by this Prospectus, the Foundation's holdings will constitute 62.3% of the outstanding equity securities of the company." Sale of the shares "is to enable the Foundation to effect a further diversification of its investments." The Foundation may from time to time sell further portions of its holdings of Ford Motor stock and/or make grants to scientific, educational or charitable organizations in the form of Class A shares or common shares resulting from the conversion of Class A stock.

BOSTON EXCHANGE SEEKS UNLISTED TRADING IN FOUR ISSUES

The Boston Stock Exchange has applied to the SEC for unlisted trading privileges in the common stocks of Food Fair Stores, Inc., The Ohio Brass Company, Upjohn Company and Wilson & Co., Inc.; and the Commission has issued orders (Release 34-5911) giving interested persons until March 25, 1959, to request hearings thereon. The Ohio Brass common is listed on the Midwest Stock Exchange and the other three issues on the New York Stock Exchange.

DELISTING OF BANKERS SECURITIES STOCK PROPOSED

The Philadelphia-Baltimore Stock Exchange has applied to the SEC for permission to delist the common stock of Bankers Securities Corporation because of the limited volume of Exchange Trading therein; and the Commission has issued an order giving interested persons until March 27, 1959, to request a hearing thereon. The company has advised the Exchange it has no objection to such delisting.

VIOLATIONS CHARGED TO HARVEY SHIELDS

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Harvey H. Shields, Jr., doing business as H. H. Shields & Co., 145 W. Garland Avenue, Fresno, Calif., violated provisions of said Act and Commission rules thereunder, and, if so, whether it is necessary in the public interest or for the protection of investors to revoke his broker-dealer registration and/or to suspend or expel him from membership in the National Association of Securities Dealers, Inc.

According to the Commission's order, information developed in an investigation conducted by its staff tends if true to show that Shields engaged in the conduct of a securities business in violation of the Commission's net capital rule, in that it appears that he effected transactions in and induced the purchase and sale of securities when his aggregate indebtedness exceeded 2000% of his net capital. Furthermore, according to the order, Shields appears to have induced the purchase and sale of securities by means of manipulative, deceptive and fraudulent devices and contrivances as defined by Rule 15c1-2, in that he represented to customers that he was solvent and ready and able to discharge his liabilities to such persons when, in fact, his liabilities exceeded his assets and he was unable to meet his current liabilities in the ordinary course of business, which fact was not disclosed to customers.

A hearing for the purpose of taking evidence with respect to the foregoing matters will be held at a time and place later to be announced.

COLORADO REDUCTION STOCK OFFERING SUSPENDED

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
vacated
Columbus, Ohio. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding $300,000 in amount. In a notification filed July 16, 1954, Colorado Reduction proposed the public offering of 1,800 shares of Class B common stock at $25 per share pursuant to such an exemption.

In its suspension order, the Commission asserts that one of the conditions of the Regulation A exemption has not been complied with, in that Colorado Reduction failed to file the required semi-annual reports of stock sales.

BLACK HILLS POWER AND LIGHT FILES FOR RIGHTS OFFERING

Black Hills Power and Light Company, 621 Sixth St., Rapid City, S. Dak., today filed a registration statement (File 2-14829) with the SEC seeking registration of 32,198 shares of its Common Stock. The company proposes to offer the additional shares for subscription by holders of outstanding common at the rate of one new share for each 11 shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. Dillon, Read & Co. Inc., is listed as the principal underwriter.

Net proceeds of the stock sale are to be used for property additions and improvements and to repay some $400,000 of bank loans obtained primarily for such purpose. Construction expenditures for the fiscal year ending October 31, 1959, are estimated at $3,520,000. The prospectus further indicates that the company is negotiating for the private sale of $1,000,000 of First Mortgage Bonds, Series I, 4-7/8% due May 1, 1989, at 98.07% and accrued interest.

WESTERN MASS. COMPANIES PROPOSES RIGHTS OFFERING

Western Massachusetts Companies, 201 Devonshire St., Boston, today filed a registration statement (File 2-14830) with the SEC seeking registration of 177,626 Common Shares. The company proposes to offer 161,626 shares for subscription by holders of its outstanding common of record April 3, 1959, at the rate of one new share for each 15 shares then held. Employees will be offered the privilege of subscribing for 16,000 shares. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation and White, Weld & Co. are listed as the principal underwriters.

Net proceeds of the stock sale are to be loaned to a subsidiary, Western Massachusetts Electric Company, which will use the funds to reduce its short-term bank borrowings, amounting to $7,200,000 and incurred for interim financing of construction. The Electric Company's construction program for the years 1959, 1960 and 1961 is estimated at some $21,000,000.


HARRY HELLER RECIPIENT OF ROCKEFELLER PUBLIC SERVICE AWARD

Chairman Edward N. Gadsby of the Securities and Exchange Commission today issued the following statement concerning Harry Heller, Assistant Director, Division of Corporation Finance, a recipient of a Rockefeller Public Service Award for 1959.

"The Members and staff of the Commission join me in extending warm congratulations to Harry Heller for the high honor bestowed upon him in his selection as a recipient of a Rockefeller Public Service Award for 1959. Mr. Heller is one of eleven winners chosen by the Committee on Selection from seventy-five finalists after screening several hundred candidates.

"These Awards are designed to give special recognition to outstanding public service civilians and to establish incentives for their continuance and advancement in the service. The awards are sufficient to enable each recipient to spend six to nine months in residence at an institution of the individual's choice or in comparable educational activities.

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"Mr. Heller was born in Brooklyn, New York on February 6, 1909. He graduated from the College and Law School of Columbia University with distinction. From 1933 to 1935 he was employed as an attorney by the law firm of Newman and Bisco in New York City. He became a member of the staff of the SEC on December 16, 1935 as an attorney assigned to the Investment Trust Study. From 1935 to 1940 his activities were devoted entirely to taking a responsible part in the conduct of this study, supervising the investigation of the history of corporate activities and investment policies of approximately 25 investment companies. During his career with the Commission, Mr. Heller has progressed to more responsible positions and at the present time is serving as Assistant Director of our Division of Corporation Finance. He has demonstrated professional ability of the highest order and has been of invaluable assistance to the Division and the Commission in its program for achieving full and fair disclosure under the Federal securities laws.

"Mr. Heller will make an intensive survey of the governmental and judicial regulations of corporations, particularly publicly owned corporations in Western Europe. During the course of the survey, he will consult with educational leaders and officials of financial institutions and governmental agencies having regulatory control of the issuance of securities by business enterprises and public trading in such securities. His studies will take him to several countries in Western Europe.

"The Award to Mr. Heller is a fitting recognition of his outstanding service and his many contributions toward the attainment of the objectives for which the Commission was created."

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