

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



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FOR RELEASE November 16, 1959

Statistical Release No. 1641. The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended November 13, 1959, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959, is as follows:

	1939		Percent Change	1959	
	<u>11/13/59</u>	<u>11/6/59</u>		<u>High</u>	<u>Low</u>
Composite	413.4	420.3	-1.6	441.3	400.1
Manufacturing	514.3	523.9	-1.8	554.2	490.7
Durable Goods	488.9	499.6	-2.1	527.7	457.8
Non-Durable Goods	527.6	535.9	-1.5	570.1	510.5
Transportation	318.7*	330.8	-3.7	371.6	318.7
Utility	211.0	213.1	-1.0	231.8	207.1
Trade, Finance & Service	432.3	432.8	-0.1	433.0	382.7
Mining	284.1*	287.8	-1.3	360.4	284.1

*New Low

SEC ISSUES DECISION IN AMERICAN NATURAL GAS CASE. In a decision announced today (Holding Company Act Release No. 14089) the Securities and Exchange Commission stated that it will approve, if certain amendments are filed, the plan filed pursuant to Section 11 (e) of the Public Utility Holding Company Act of 1935 by American Natural Gas Company providing for the payment to the public holders of its outstanding 27,481 shares of \$25 par value 6% non-redeemable preferred stock of cash in the amount of \$32.50, plus accrued dividends, for each share held. The Commission examined the comparisons made by American Natural with respect to its preferred stock and certain other preferred stocks and the contentions made by an objecting preferred stockholder. After making an independent analysis of the plan to determine whether the amount provides a fair measure for the rights which the preferred stockholders are compelled to surrender, the Commission concluded that the proposed payment is fair and equitable to the affected stockholders. The Commission did not issue an order at this time. Its opinion states that it will issue an order if within fifteen days American Natural modifies its plan to provide that the amount of the cash payment, exclusive of accrued dividends, in excess of the par value of the preferred stock to be retired will be charged to earned surplus. The company proposed to charge the excess to paid-in surplus. The Commission's decision also requires the company to amend its plan to include a provision that it will pay only such fees, expenses, and other remuneration in connection with the proceeding as the Commission may determine, award, or allow, and that such determination will be made following the consummation of the plan.

KENNESAW LIFE FILES FOR RIGHTS OFFERING. Kennesaw Life and Accident Insurance Company, 165 Luckie St., N. W., Atlanta, Georgia, filed a registration statement (File 2-15835) with the SEC on November 12, 1959, seeking registration of 331,836 shares of common stock to be offered for subscription by the holders of the company's common stock on the basis of one share for each four shares held. The unsubscribed shares will be offered to the public through an underwriting group headed by The Robinson-Humphrey Company, Inc. The subscription price and an underwriting fee to be paid in return for the underwriters' obligation to purchase all of the unsubscribed shares will be supplied by amendment. In addition to expenses, estimated at \$50,000, and the underwriting fee, which will be paid regardless of the number of unsubscribed shares the underwriters are called upon to purchase, the underwriters may realize a profit or loss on the public sale of the stock since the price is to be not less than the subscription price (less any concession allowed to dealers) nor more than the highest price at which the stock is being offered in the over-the-counter market by dealers not participating in the distribution (plus dealers' concession). In the event that the proceeds to underwriters exceeds the price paid to the company the underwriters will pay the company 50% of the excess proceeds.

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The net proceeds to the company will be added to its general funds to increase the capital and surplus accounts. The company has outstanding 1,327,344 shares of \$1 par value common stock.

INTERNATIONAL UTILITIES PROPOSES CONVERTIBLE PREFERRED OFFERING. International Utilities Corporation, 44 Wall Street, New York, N. Y., filed a registration statement (File 2-15838) with the SEC on November 13, 1959, seeking registration of 350,000 shares of \$2 Convertible Preferred Stock, Cumulative, \$25 par value, to be offered for public sale both in the United States and Canada. The number of shares to be offered in each country, the public offering price, and the underwriting terms are to be supplied by amendment. Butcher & Sherrerd is listed as the principal underwriter of the offering in the United States.

Incorporated under the laws of Maryland on October 8, 1924, International Utilities is a holding company owning shares of public utilities operating in western Canada. As of October 31, 1959, it had outstanding 2,459,073 shares of common stock, \$5 par value, and \$6,000,000 of notes payable to banks. Of the net proceeds from the proposed preferred stock offering, \$6,000,000 will be used to retire the bank notes and the balance will furnish the company with additional working capital and will be available to meet the construction and expansion requirements of its subsidiaries and will also be available for investments by International in securities of United States and Canadian companies, including natural gas pipe line projects and other natural gas and power projects.

MUTUAL INVESTMENT AND TRUST CORP. PROPOSES COMMON STOCK OFFERING. Mutual Investment and Trust Corporation, 201 North Court Avenue, Tucson, Arizona, filed a registration statement (File 2-15839) with the SEC on November 13, 1959, seeking registration of 150,000 shares of common stock, \$1 par value, to be offered for public sale at a price of \$3.50 per share. No underwriting is involved.

The company, which was incorporated under Arizona law on November 5, 1956, and commenced active operations on July 1, 1957, is primarily engaged in the business of buying and selling undeveloped real estate and has also engaged in a home construction program which it initiated in late 1958. At August 31, 1959, it had outstanding 641,619 shares of common stock, \$1 par value, of which Norman R. Horwitz, president, owns 4,915 shares; Randolph Jenks, director, owns 5,149 shares, and Raymond L. Kuns, director, owns 3,800 shares. Other officers and directors own an aggregate of 10,450 shares. On October 7, 1957, a stock option plan was approved by the stockholders and Mr. Horwitz was granted an option to buy, within ten years, up to 50,000 shares of stock for \$50,000. Each of the other five then directors, Clare H. Welch, Ben E. Wallis, Fred R. Stofft, Raymond L. Kuns, and Gene D. Bogard, was granted an option to buy, within five years, up to 10,000 shares of stock for \$10,000. On October 6, 1958, an extension of the stock option plan was approved to include four new directors, John F. Mitchell, Joshua Haberman, Thomas H. Peterson, and Randolph Jenks, each of whom was granted an option to purchase, within five years, up to 10,000 shares of stock for \$12,500.

The net proceeds of the stock offering will be added to the general funds of the company to replenish cash expended and for working capital to meet certain cash requirements and for general corporate purposes. The prospectus states that, in connection with the acquisition of a parcel of land of approximately 6000 acres near the City of Nogales, Arizona, the company has expended the sum of \$60,000 and will be required to expend approximately \$190,000 to close title to the property. Thereafter it will be required to pay the additional sum of \$813,500 over 15 years in order to pay for the property in full.

DELAWARE SECURITIES CORP. FILES FOR COMMON STOCK OFFERING. Delaware Securities Corp., 50 Broadway, New York, N. Y., filed a registration statement (File 2-15840) with the SEC on November 13, 1959, seeking registration of 700,000 shares of its common stock, 1¢ par value, to be offered for public sale at a price of \$4.00 per share. The offering will be made directly through the company, as well as through dealers on a "best efforts" basis. Such dealers will receive an underwriting commission of \$.65 per share.

The company was incorporated in Delaware on June 2, 1959, as a broker-dealer and investment adviser and, according to the prospectus, has not yet transacted any business and may not do so until after the stock offering. Robert R. Hammond is president and director of the company, John W. Wardrop is secretary-treasurer and director, and Arthur F. Seekamp and Florence A. Hammond are directors. The company has outstanding 300,000 shares of Class B Stock, 1¢ par, of which Mr. Hammond owns 288,000 shares and Mr. Wardrop, Mr. Seekamp, and Mrs. Hammond each owns 3,000 shares. The prospectus states that both the common stock and the Class B stock vote share and share alike at all meetings of stockholders. However, the Class B stock has no rights as to cash dividends or to any assets of the company in the event of liquidation, all such rights residing solely with the common stock. The Class B stock, however, has protection against dilution, and all stock dividends and distributions must be declared and paid on an equal basis per share to both classes of stock in the stock of the particular class. After one year the Class B stock becomes convertible into common stock, share for

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share, limited to 75,000 shares in the first calendar year and in each subsequent calendar year to 75,000 shares plus the difference between 75,000 and the number of shares converted in the preceding calendar year. In connection with the sale of the first 100,000 shares of the common stock being offered, Mr. Hammond has agreed to sell to the participating dealers for investment, from his personal holdings, up to 50,000 shares of Class B stock at 1¢ per share at the rate of one share of Class B stock for each two shares of common stock sold by such dealers. The company has agreed that these Class B shares, upon tender, will be included among the Class B stock accepted for conversion during the first conversion period.

Proceeds of the stock offering will be added to the general funds of the company as received. The aggregate proceeds will become the original working capital of the company for use to expand its facilities and activities and, to a minor extent, to establish the company's offices and operations.

FRED F. FRENCH INVESTING SEEKS INDENTURE QUALIFICATION. Fred F. French Investing Company, Inc., 551 Fifth Ave., New York, N. Y., filed an application (File 22-2692) with the SEC on November 13, 1959, for qualification under the Trust Indenture Act of a trust indenture pursuant to which \$400,000 of 6% Sinking Fund Subordinate Debentures, Series B, due August 1, 1979, are to be issued. These debentures will be issued on or about January 1, 1960, to the holders (other than Fred F. French Investing Company, Inc.) of preferred stock of Tudor City Twelfth Unit, Inc., pursuant to a consolidation of Tudor City into Fred F. French Investing under New York law.

PALOMAR MORTGAGE FILES FOR OFFERING AND SECONDARY. Palomar Mortgage Company, 4026 30th St., San Diego, Calif., filed a registration statement (File 2-15841) with the SEC today seeking registration of \$750,000 of 15-year 7% subordinated sinking fund debentures, due 1974, (with common stock warrants attached), and 80,000 shares of common stock, \$1 par value, to be offered for public sale through an underwriting group headed by J. A. Hogle & Co. Each debenture will be issued in the denomination of \$1,000 with a warrant attached entitling the holder to purchase 100 shares of common stock prior to November 30, 1962. Of the 80,000 shares of common stock to be offered, 20,000 shares are to be sold by Nels G. Severin, president, whose holdings now include 174,288 shares, or 69.2% of the outstanding common stock. The public offering price for the debentures, the prices at which the common stock may be purchased by the warrant holders, and the underwriting terms are to be supplied by amendment. Under the underwriting agreement, the underwriters have the option to purchase, any time within three years, 5,000 shares of common stock at a price equal to the public offering price to be supplied by amendment with respect to the present offering.

The company was incorporated in California in 1950, under the name of Palomar Mortgage and Finance Co. Its present name was adopted in 1954. The proceeds from the sale of the debentures and the common stock will be used primarily for the purpose of making real estate loans to both home builders and to individual borrowers. These loans will not be held by the company as permanent investments but will be sold and transferred to investors who will compensate the company for the servicing of the loans.

In addition to certain indebtedness, the company has outstanding 251,850 shares of common stock, \$1 par, and 206,980 shares of 5% cumulative preferred stock, \$1 par.

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