

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 April 16, 1963

NEW RULE PROPOSAL. The SEC today announced a proposal to adopt a new Rule 156 under the Securities Act (Release 33-4598) which would define as "transactions by an issuer not involving any public offering" in Section 4(1) of that Act, transactions which are exempt from the Investment Company Act by Rule 3c-3 (recently adopted thereunder). Rule 3c-3 exempts transactions by any insurance company with respect to certain group annuity contracts providing for the administration of funds held by such companies in separate accounts established and maintained pursuant to State law. It has been represented to the Commission that these contracts are individually negotiated with employers who are able to fend for themselves.

The proposed new rule provides that transactions of the character referred to therein shall come within the rule only if the transaction is not solicited by advertising which, insofar as it relates to a separate account group annuity contract, does more than identify the insurance company, state that it is engaged in the business of writing separate account contracts and invite inquiries in regard thereto. The rule provides however, that disclosure in the course of direct discussion or negotiation of such contracts would not be prohibited. It should be noted, the Commission states, that the proposed rule would provide an exemption only from the provisions of Section 5 of the Act and would not, therefore, afford any exemption from the anti-fraud provisions of the Act.

OHIO EDISON RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-14850) authorizing Ohio Edison Company, Akron registered holding company, and Pennsylvania Power Company, its utility subsidiary, to utilize a method of allocation of their consolidated income tax liabilities which will give to Ohio and the subsidiary the full investment credit each company contributes to the total investment credit allowed on the consolidated returns.

CONTINENTAL VENDING SUSPENSION CONTINUED. The SEC has ordered the suspension of exchange and over-the-counter trading in the common stock and debentures of Continental Vending Machine Corporation for a further ten-day period, April 17 to April 26, inclusive.

JAY & CO. ENJOINED. The SEC San Francisco Regional Office announced April 11 (LR-2584) the entry of a Federal court order (USDC, Phoenix) permanently enjoining Jay & Company, Phoenix broker-dealer, and Jay F. Dodd and Rosemary S. Coleman, its principal officers and directors, from violations of the Exchange Act anti-fraud, hypothecation, net capital and bookkeeping provisions. The defendants consented to entry of the decree.

NATIONAL PETROLEUM LEASE ENJOINED. The SEC Atlanta Regional Office announced April 12 (LR-2585) the entry of a Federal court order (USDC, SD, Fla.) preliminarily enjoining National Petroleum Lease Corporation, and its president, Mark M. Weiss, both of Miami Beach, Fla., from violation of the Securities Act registration requirements in the offer and sale of investment contracts consisting of assignments of oil and gas leases on tracts of land situated in certain counties in New Mexico, coupled with contemporaneous representations and undertakings concerning development of said tracts. Defendants consented to entry of the order.

ALABAMA POWER FILES FINANCING PLAN. Alabama Power Company, 600 North 18th St., Birmingham, Ala., filed a registration statement (File 2-21322) with the SEC on April 12 seeking registration of \$16,000,000 of first mortgage bonds due 1993 and 50,000 shares of cumulative preferred stock (\$100 par), to be offered for public sale at competitive bidding. The net proceeds from this financing will be used for the construction or acquisition of permanent improvements, extensions of and additions to the company's property, and for payment of short-term bank loans made for such purposes. The company's construction program for 1963-65 is estimated at \$210,844,000. In addition to certain indebtedness and preferred stock, the company has outstanding 4,938,955 shares of common stock. Thomas W. Martin is board chairman and Walter Bouldin is president.

FORD FILES STOCK PLAN. Ford Motor Company, The American Road, Dearborn, Mich., filed a registration statement (File 2-21323) with the SEC on April 12 seeking registration of \$40,000,000 of participations in its Savings and Stock Investment Program for Salaried Employees, and 2,500,000 shares of common stock which may be acquired pursuant thereto.

VIRGINIA ELECTRIC POWER FILES FOR BOND OFFERING AND THRIFT PLAN. Virginia Electric and Power Company, 700 East Franklin St., Richmond, Va., filed registration statements (Files 2-21325 and 2-21326) with the SEC on April 12 seeking registration of (1) 250,000 shares of common stock, to be offered pursuant to its Employee Thrift Plan, and (2) \$30,000,000 of first and refunding mortgage bonds (series R) due 1993, to be offered for public sale at competitive bidding. The net proceeds from the bond sale will be used to provide for construction expenditures or to reimburse the treasury therefor, including the retirement of notes to banks for that purpose. Construction expenditures for 1963 are estimated at \$89,000,000.

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HALO LIGHTING FILES FOR OFFERING AND SECONDARY. Halo Lighting, Inc., 4201 West Grand Avenue, Chicago, filed a registration statement (File 2-21327) with the SEC on April 15 seeking registration of 150,000 shares of common stock, of which 65,000 shares are to be offered for public sale by the company and 85,000 shares, being outstanding stock, by Robert S. Fremont, president and sole stockholder. The offering will be made through underwriters headed by A. G. Becker & Co., Inc., 120 S. LaSalle Street, Chicago. The public offering price and underwriting terms are to be supplied by amendment. The statement also includes 15,000 outstanding shares to be sold to the underwriters by Fremont only to cover over-allotments.

The company and its subsidiaries are engaged principally in the manufacture and sale of recessed incandescent lighting fixtures for residential, commercial and institutional buildings. Of the net proceeds from the company's sale of additional stock, \$250,000 will be used to retire an outstanding short-term bank loan incurred to purchase land, pay taxes and retire then existing short-term debt, and the balance will be applied toward the cost of constructing and equipping a new plant and to provide additional working capital. In addition to certain indebtedness, the company has outstanding 100,000 common and 500,000 Class B shares, all of which are owned by Fremont. As indicated, he proposes to sell 85,000 common shares. Book value of stock now outstanding is \$1.15 per share.

CONSOLIDATED NATURAL GAS SEEKS ORDER. Consolidated Natural Gas Company, New York registered holding company, and five of its subsidiaries, have applied to the SEC for an order under the Holding Company Act authorizing certain intra-system financing; and the Commission has issued an order (Release 35-14851) giving interested persons until May 13, 1963 to request a hearing thereon. Consolidated proposes to sell during 1963 an aggregate of \$35,000,000 of notes to commercial banks and to lend such funds to four subsidiaries to provide funds as follows for them to purchase inventory gas for storage: The East Ohio Gas Company, \$10,000,000; Hope Natural Gas Company, \$6,000,000; New York State Natural Gas Corp., \$18,000,000; and The Peoples Natural Gas Company, \$1,000,000. In addition, the three latter subsidiaries propose (1) to sell an aggregate of \$10,000,000 of long term notes to Consolidated in exchange for an equal amount of their 4 $\frac{1}{2}$ % construction notes issued in 1962, and (2) to sell an aggregate of \$24,500,000 of long-term notes to Consolidated from time to time during 1963 to provide funds for financing their 1963 construction programs. A fifth subsidiary, Lake Shore Pipe Line Company, proposes to sell an aggregate of \$1,000,000 of long term notes to Consolidated during 1963 and to use the proceeds therefrom, together with treasury funds, to redeem \$1,048,000 of outstanding 4 $\frac{1}{2}$ % first mortgage bonds due 1977 (at 105% plus accrued interest).

GULF OIL FILES FOR SECONDARY. Gulf Oil Corporation, Gulf Building, Pittsburgh, today filed a registration statement (File 2-21330) with the SEC seeking registration of 3,441,880 outstanding shares of capital stock, to be offered for public sale by the holders thereof through underwriters headed by The First Boston Corporation, 75 Federal St., Boston. The public offering price (maximum \$47 per share*) and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the production, purchase, transportation, refining and marketing of crude petroleum and products derived therefrom, including petrochemicals, and in businesses related thereto. In addition to certain indebtedness, the company has outstanding 105,501,543 shares of capital stock, of which certain members of the Mellon family, certain charitable foundations established by members of that family, and certain personal trusts in which they are interested own about 32% and management officials as a group 4.9%. W. K. Whiteford is board chairman and E. D. Brockett is president. The prospectus lists 14 selling stockholders including Avalon Foundation, Paul Mellon, Richard K. Mellon (a director) and Sarah M. Scaife, who propose to sell 700,000, 400,000, 750,000 and 750,000 shares, respectively. Others, including Wilmington Trust Company and Mellon National Bank and Trust Company, as trustees under certain agreements and trusts, propose to sell amounts ranging from 10,000 to 500,000 shares (the latter by Old Dominion Foundation).

SECURITIES ACT REGISTRATIONS. Effective April 15: Francis A. Callery, Agent (File 2-21177).
Effective April 16: Sunset International Petroleum Corp. (File 2-21095); Tampa Electric Co. (File 2-21168).

*As estimated for purposes of computing the registration fee.

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