

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 9, 1958

SEC ORDERS PROCEEDINGS AGAINST HOULE

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Rock Frederick Houle, a sole proprietor doing business as DeNurf & Co., of Los Angeles, California. In its order, the Commission charges that Houle "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit upon certain persons" and otherwise violated the registration and anti-fraud provisions of the Federal Securities Laws.

Houle became registered with the Commission on May 15, 1958. On April 15, 1958, he filed a document supplemental to his application for registration, namely, a statement of financial condition required by Commission rules purporting to show his financial condition as of April 10, 1958. Under date of September 8, 1958, he requested withdrawal of his registration, which has not become effective.

According to the Commission's order, the statement of financial condition appears to be false and misleading with respect to material facts in that registrant /Houle/ stated under oath that he had cash in a trading account at Bennett-Manning Co. in the amount of \$7,198.80 when in fact registrant had no cash in any such trading account but was 'long' approximately 1,858 shares of stock of Texas Toy Company." The order further asserts that during the period November 27, 1957, to approximately April 17, 1958, Houle offered and sold International Copper Development Corporation stock which had not been registered with the Commission under the Securities Act of 1933.

Furthermore, the Commission's order charges, Houle made various false and misleading representations in connection with the offering and sale of International Copper stock, including statements with respect to the properties owned by International Copper, the value of and title to mineral leases purportedly held by International Copper, dividends to be paid by International Copper, the identity of the party or parties whose International Copper stock was offered and sold, and related matters.

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

TAMPA ELECTRIC PROPOSES PREFERRED STOCK OFFERING

Tampa Electric Company, Tampa, Fla., filed a registration statement (File 2-14426) with the SEC on October 8, 1958, seeking registration of 100,000 shares of Series C Preferred Stock, \$100 par, to be offered for public sale through an underwriting group headed by Stone & Webster Securities Corporation. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the stock will be used to pay outstanding bank loans, (the proceeds of which were used for construction purposes), which it is estimated will aggregate \$8,500,000 at the time of such sale. The balance of the proceeds together with additional short term bank loans will be used to complete the company's 1958 construction program, involving expenditures estimated at \$23,000,000 (of which \$13,148,571 was expended during the first seven months).

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

COLONIAL AIRCRAFT FILES FOR STOCK OFFERING

Colonial Aircraft Corporation, Sanford, Maine, filed a registration statement (File 2-14427) with the SEC on October 8, 1958, seeking registration of 383,492 shares of Common Stock. The stock is to be offered for public sale at 75¢ per share. The offering is to be made on a "best efforts" basis by a group of underwriters headed by Mallory Securities, Inc., who will receive a 15¢ per share selling commission plus \$.03-3/4 per share on the 346,492 shares sold the company as reimbursement for expenses. The underwriter also will receive common stock at no charge at the rate of one share for each nine shares sold for the company until a total of 37,000 such shares have been given the underwriter. These shares may be sold concurrently with the shares offered by the company but in no event more than one share for every nine shares sold for the company.

Offering and sale of stock by the company is to provide working capital for the aircraft and defense programs of the company, certain capital improvements, Small Business Administration loan reduction, and debt retirement.

INTERNATIONAL HARVESTER CREDIT PROPOSES DEBENTURE OFFERING

International Harvester Credit Corporation, Chicago, filed a registration statement (File 2-14428) with the SEC seeking registration of \$50,000,000 of Debentures Series A due 1979, to be offered for public sale through an underwriting group headed by Morgan Stanley & Co., Glore, Morgan & Co. and William Blair & Company. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

All of the outstanding stock of the company is owned by International Harvester Company, and is engaged in the business of financing wholesale and retail time sales by the latter. Net proceeds of the sale of the debentures will be added to the general funds of the company and will be available for the purchase of receivables (and may be applied initially to the reduction of short term borrowings).

SEC GIVES NOTICE OF INDIANA & MICHIGAN ELECTRIC FINANCING

The SEC has issued an order giving interested persons until October 23, 1958, to request a hearing upon the bond financing proposal of Indiana & Michigan Electric Company, Fort Wayne, Ind. As previously reported (SEC News Digest of 9/26/58), this company proposes to issue and sell at competitive bidding \$20,000,000 of First Mortgage Bonds, Series due 1988. Its parent, American Electric Power Company, Inc., also proposes to make one or more cash capital contributions to it aggregating \$13,500,000. Proceeds are to be applied to the prepayment of some \$21,000,000 of notes payable to banks and to the company's construction program.

CONNECTICUT FIDUCIARIES' FUND SEEKS EXEMPTION

Connecticut Fiduciaries' Fund, Inc., Stamford, Conn. investment company, has applied to the SEC for an order exempting it from certain provisions of the Investment Company Act; and the Commission has issued an order giving interested persons until October 25, 1958, to request a hearing thereon.

The Fund was organized under Connecticut law as a mutual trust investment company to serve as a medium for the common investment of trust funds held by small banks and trust companies in Connecticut which do not have common trust funds of their own. It is contemplated that eligible banks and trust companies desiring to participate in the Fund's initial offering may place their orders at the price of \$10 per share. The Fund urges that compliance with certain provisions of the Investment Company Act would be unduly burdensome and involve unnecessary expenses and that compliance with such provisions is not required for the protection of the investing banks. Accordingly, it seeks an exemption from compliance with the Commission's proxy rules; from the provision denying to registered investment companies the intra-state exemption from registration of its securities; and from certain other provisions.

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HARTFORD ELECTRIC FILES FINANCING PROPOSALS

The Hartford Electric Light Company, Wethersfield, Conn., today filed three registration statements (Files 2-14429, 30, and 31) with the SEC seeking registration of the following securities: (1) 149,633 shares of \$25 par Common Stock; (2) \$18,000,000 of First Mortgage Bonds, 1958 Series E; and (3) 100,000 shares of \$50 par Preferred Stock.

The company proposes to offer the 149,633 common shares for subscription by holders of outstanding common shares of record October 21, 1958, at the rate of one new share for each ten shares then held. The subscription price and underwriting terms are to be supplied by amendment. Putnam & Co., Chas. W. Scranton & Co. and The First Boston Corporation are listed as the principal underwriters. Both the \$18,000,000 of bonds and the 100,000 preferred shares are to be offered for public sale through the same underwriting group, the interest and dividend rates, public offering prices and underwriting terms to be supplied by amendment.

The aggregate net proceeds of these financings are estimated to amount to \$31,000,000. Such net proceeds, together with funds available for depreciation accruals and operations, will be applied to the payment of the company's short-term bank loans (amounting to \$27,500,000) and any balance will be applied to the company's continuing construction program. Total plant expenditures during 1958 are estimated at \$22,000,000, of which \$9,000,000 remained to be expended on August 31, 1958. Plant expenditures for 1959 are estimated at \$12,000,000.