

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 November 3, 1958

Statistical Release No. 1564

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended October 31, 1958, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1958, is as follows:

	1939 = 100		Percent Change	1958	
	10/31/58	10/24/58		High	Low
Composite	378.0	374.3	+1.0	378.9	299.0
Manufacturing	475.8	470.4	+1.1	478.1	373.3
Durable Goods	439.3	434.6	+1.1	441.9	332.2
Non-Durable Goods	500.2	494.4	+1.2	503.5	402.2
Transportation	315.3*	311.1	+1.4	315.3	219.7
Utility	185.3*	184.0	+0.7	185.3	155.5
Trade, Finance & Service	344.4	345.8	-0.4	346.3	263.2
Mining	343.7	337.6	+1.8	347.2	261.3

\*New High

JURISDICTION RELEASED OVER COLUMBIA GAS FEES

The SEC has issued an order (35-13859) releasing jurisdiction over the proposal of The Columbia Gas System, Inc., to pay its counsel \$8,500 in legal fees for services rendered in connection with Columbia's recent acquisition of Gulf Interstate Gas Company stock for \$20,000,000.

NEW YORK DOCK-DUNHILL INTERNATIONAL MERGER PROPOSED

New York Dock Company, Brooklyn, New York investment company, has applied to the SEC for an order exempting certain transactions incident to its merger with and into Dunhill International, Inc., of New York; and the Commission has issued an order (IC-2788) scheduling the application for hearing on November 25, 1958.

As of June 30, 1958, New York Dock had a securities portfolio with a market value of \$10,207,978. Included therein were 38,100 shares of Dunhill's common stock, or 12.56% of that company's outstanding shares. As of the same date, New York Dock's investment in its wholly owned subsidiary, New York Dock Railway, was carried on its balance sheet at \$1,444,127, and its remaining investments in real estate at \$1,891,441.

Dunhill, through its wholly-owned subsidiaries, is engaged in the sale, at retail and wholesale, of tobacco, tobacco products and accessories, pipes, gift items, cosmetics, toiletries and other merchandise. In addition, a substantial portion of the assets of Dunhill and its subsidiaries consist of investment securities (with a market value at June 30, 1958, of \$2,217,107, or 68% of Dunhill's total assets).

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New York Dock has outstanding 70,000 common and 31,800 participating preferred shares Dunhill 300,000 common shares. Under the merger proposal, New York Dock shares will be converted into shares of Dunhill on the basis of 10 shares of Dunhill for each preferred share of New York Dock and eight shares of Dunhill for each common share of New York Dock. Assuming 100% exchange the surviving corporation would have 1,135,248 common shares outstanding after the merger. If the merger is effected, New York Dock proposes to apply for an order declaring that it has ceased to be an investment company and the surviving company to seek an order declaring that it is primarily engaged in businesses other than that of an investment company and therefore exempt from the Investment Company Act.

#### MCDONALD, KAISER CO. PRELIMINARILY ENJOINED

The SEC New York Regional Office announced October 30, 1958 (LR-1356) that a preliminary injunction by default was obtained in USDC, SDNY enjoining McDonald, Kaiser & Co., Inc., and its president, Hugh McDonald, of New York, from further violations of the anti-fraud provisions of the Securities Exchange Act of 1934.

#### METALS DISINTEGRATING CO. SEEKS EXEMPTION FROM REPORTING RULE

Metals Disintegrating Company, Inc., Elizabeth, New Jersey, has applied to the SEC for an order exempting it from the requirement of Section 15(d) of the Securities Exchange Act of 1934 to file annual and other periodic reports; and the Commission has issued an order (34-5814) giving interested persons until November 21, 1958, to request a hearing thereon.

Metals is obligated to file reports with the Commission by reason of an undertaking to do so contained in a registration statement filed in 1945 for a public offering of securities. It urges in support of its application for exemption from the reporting requirement (1) that all of its outstanding securities, namely, 249,576 common shares, are held of record by 35 recordholders, of which 244,606 shares are held by its parent, American Marietta Company; and (2) that the continued filing of the reports is not necessary in the public interest or for the protection of investors.

#### OKLAHOMA NATURAL GAS FILES STOCK PLAN

Oklahoma Natural Gas Company, Tulsa, filed a registration statement (File 2-14487) with the SEC on October 31, 1958, seeking registration of 240,000 shares of its Common Stock, to be offered to certain key employees of the company pursuant to its "Restricted Stock Option Plan."

#### STOP ORDER SUSPENDS TEXAS GLASS MFG. REGISTRATION

In a decision announced today (33-3984), the Securities and Exchange Commission suspended the effectiveness of a registration statement with respect to a proposed public offering of stock by Texas Glass Manufacturing Corporation, of Bryan, Texas.

The Commission ruled that the registration statement contained materially misleading statements concerning, among other things, the company's products, its method of production, competitive advantages, outstanding options, and use of proceeds.

The registration statement was filed by Texas Glass in May 1957 and, as amended, proposed the public offering of 2,116,292 shares of common stock at \$2 per share. The company, which was organized in 1952, intends to manufacture window and heavy sheet crystal glass. It has never engaged in any business and its only property consists of a plant site in Bryan, donated by that City, the deed for which is currently held in escrow contingent upon the execution of a contract to construct a plant.

According to the Commission's decision, the registration statement contained many "deficiencies" (omissions or misstatements of facts), some of which were "highly material." These related primarily to the company's organization and development and the description of its business, prior sales of the company's securities, and the intended use of the proceeds of the proposed stock offering. Among statements in the company's prospectus considered "materially misleading" by the Commission were the following: that the company had been in a planning and development state until October 1955; that it proposes to erect a plant to manufacture window and sheet glass and heavy sheet crystal plate glass; that it had previously offered its securities to

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residents of Texas "for a short period of time," during which 83,708 shares had been sold and such offering had been discontinued on March 31, 1957; and that the company has been assured that it will be able to enter into a contract for the construction of its plant for an amount approximating its estimate of the cost of such a plant.

"It is clear," the Commission stated, "that Texas Glass continued to be in the planning and development stage after October 1955 and that it will remain so until it obtains sufficient funds to construct its plant and begin manufacturing operations. The 'short period of time' stated to have ended in March 1957 during which stock was sold actually was a period of 17 months from January 1956 to June 6, 1957, and the prospectus fails to disclose that Texas Glass determined to expand the offering to include other states and to file its registration statement because it concluded that it could not obtain the required funds through a public offering limited to Texas."

Furthermore, according to the decision, the record shows that Texas Glass intends to produce only flat glass or window glass, and that it does not intend to produce any plant glass and will not have the facilities for such production; and since Texas Glass has as yet not entered into any construction contract, it is misleading to state that it is "assured" that plant construction costs will not exceed its estimate. The Commission also found misleading the statements in the Texas Glass prospectus that it will produce its glass on machines and by methods that are unique and less time consuming; that the plant site is "strategically located from an economical standpoint to sources of raw material and centers of distribution"; and that a market survey in various parts of the country indicates that its entire annual production will be consumed. Its market survey, the Commission indicated, was of a cursory nature and not such as to warrant the statement that its entire production would be sold.

Prior sales of Texas Glass stock were made under a claimed "intra-state" exemption from the Securities Act registration requirements. However, because certain of the persons were not residents of Texas, and because the proposed new offering would be merely a continuation of the prior intrastate offering in Texas, the intrastate exemption would not be available to the prior offering. The company's financial statements failed to show a contingent liability arising out of such prior sales; and the prospectus was also misleading in failing to disclose that the company had not placed in escrow 82% of the proceeds of certain sales as required by the Texas Securities Commission.

Although the prospectus states that 80% of the proceeds of the stock sale will be placed in a "Building and Escrow Fund" and will be returned to purchasers should the stock offering not be successful, it does not set forth any details as to the nature of any escrow agreement, the minimum amounts of funds considered necessary by the company to embark upon its program, or the maximum period of time during which the offering is to be continued in order to establish its success or failure as a basis for determining whether or not to return to purchasers the money to be placed in escrow.

Other deficiencies also were found by the Commission. Subsequent to the close of the record, Texas Glass filed certain amendments to its registration statement and urged that the statement, as so amended, be considered by the Commission rather than its previous filings. Observing that it is discretionary with the Commission whether to consider amendments filed after the institution of proceedings, the Commission concluded: "It is evident that Texas Glass did not make a reasonable effort to comply with the standards of full and fair disclosure prescribed in the registration procedures. Under all the circumstances present here we are of the opinion that this is not a proper case for the exercise of our discretion to consider the amendments." The Commission also noted that a preliminary examination of the last amendment indicates that it still contains material deficiencies.

#### KENTUCKY UTILITIES FILES FOR RIGHTS OFFERING

Kentucky Utilities Company, Lexington, today filed a registration statement (File 2-14488) with the SEC seeking registration of 206,446 shares of its \$10 par Common Stock. The company proposes to offer these shares for subscription by common stockholders of record November 17, 1958, at a rate of one new share for each twelve shares then held. The subscription price and underwriting commissions are to be supplied by amendment. Blyth & Co., Inc., and J. J. B. Hilliard & Son are listed as the principal underwriters.

Net proceeds from the sale of the stock will be used to finance part of the company's construction expenditures, including the payment of temporary bank loans (\$3,000,000) incurred or to be incurred for that purpose. Construction expenditures for 1959 are estimated at about \$16,213,000.