

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

(In ordering full text of Releases from Publications Unit, cite number)



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REVISED ASSESSABLE STOCK RULE PROPOSED

The SEC today announced a revised proposal (Release 33-4040) for the adoption of rule changes under the Securities Act of 1933 with respect to the question of registration in connection with the levying of assessments upon assessable stock; and it invited the submission of views and comments upon the revised proposal not later than March 31, 1959.

In its original proposal of March 1958, the Commission sought to make clear that the levying of assessments on assessable stock involves the offering and sale of a security within the meaning of the Securities Act, thus necessitating registration or compliance with an appropriate exemption. Action on this proposal was deferred pending consideration of certain additional proposed rules which would provide a conditional exemption from registration for the levying of limited amounts of assessments on such stock.

After further consideration of the problems involved, and of the "numerous helpful comments" submitted by industry representatives upon the original proposals, the proposals have been somewhat modified in a proposed new regulation which would exempt from registration the levying of assessments and the subsequent sale of securities at auction in accordance with local law and custom in amounts not exceeding \$300,000 in any one year. The exemption is incorporated in a newly-proposed Regulation F.

To make clear on the face of the rules (Rules 136 and 140) the Commission's views as to each aspect of the transaction flowing from the levying of an assessment, the proposed rule has been revised to state that the offer or sale of assessable stock at public auction or otherwise, where the holder of such stock has failed to pay an assessment thereon, involves an offer or sale of such stock by the issuer within the meaning of the Act. The revised proposal would also provide that any person who acquires assessable stock at such a forfeiture sale with a view to its distribution is to be deemed an underwriter of the stock.

The proposed new Regulation F exemption would provide a conditional exemption for assessments and for delinquent assessment sales. A condition to the availability of an exemption under the proposed regulation would be the filing of a comparatively simple notification giving brief information as to the issuer, its management and its recent and proposed assessments. Any notice or advertisement of the assessment or of any delinquent assessment sale would have to include or be accompanied by a reasonably detailed statement of the purposes for which the proceeds from the assessment or assessment sales are to be used. Any literature used in connection with the levying of the assessment or the delinquent assessment sales would have to be filed with the Commission. The exemption could be suspended under certain circumstances such as a finding by the Commission that fraud is involved.

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SCRANTON-SPRING BROOK WATER FILES FINANCING PROPOSAL

Scranton-Spring Brook Water Service Company, 30 North Franklin St., Wilkes-Barre, Pa., filed a registration statement (File 2-14787) with the SEC on Tuesday, March 3, 1959, seeking registration of \$8,000,000 of Sinking Fund Debentures, due April 1, 1984 and 80,000 shares of its common stock. It is proposed to offer the debentures, with attached warrants to purchase common shares, the offering to be made in units of \$200 of debentures with warrants for the purchase of 2 shares of stock. The units are to be offered for subscription by common stockholders at the rate of one unit for each 25 shares held. The record date, interest rate, subscription price and underwriting terms are to be supplied by amendment. Allen & Company is listed as the principal underwriter.

The company has \$8,050,000 of outstanding 4% promissory notes issued under its credit agreement with The Hanover Bank, of which \$75,000 will be paid on April 1, 1959. All of the net proceeds from the sale of the debentures and warrants will be used to prepay in part such loans. The company expects to make additional bank borrowings.

LOUISIANA POWER PROPOSES PREFERRED STOCK OFFERING

Louisiana Power & Light Company, 142 Delaronde St., New Orleans, La., filed a registration statement (File 2-14788) with the SEC on March 3, 1959, seeking registration of 75,000 shares of \$100 par Cumulative Preferred Stock, to be offered for public sale at competitive bidding. Net proceeds of the preferred stock sale will be used for property additions and improvements and for other corporate purposes. The company estimates its 1959 construction expenditures at \$22,300,000.

F X R, INC. FILES FOR OFFERING AND SECONDARY

F X R, Inc., 26-12 Borough Place, Woodside, New York, filed a registration statement (File 2-14789) with the SEC on March 3, 1959, seeking registration of 200,000 shares of Common Stock, of which 100,000 shares are to be offered for public sale for the account of the company and 100,000 for the account of the present holders thereof. The public offering price and underwriting terms are to be supplied by amendment. C. E. Unterberg, Towbin Co. is listed as the principal underwriter.

The company (formerly F-R Machine Works, Inc.) is a supplier of precision microwave test equipment, related types of electronic instrumentation, high power pulse modulators and custom-built components for radar and communication systems. Of the proceeds of its stock sale, \$127,500 will be used to redeem at par the 6% Debenture Bonds due July 2, 1972, which are owned in equal shares by the selling stockholders, and an additional \$250,000 will be used to repay two short-term notes payable to Manufacturers Trust Company. \$100,000 of the proceeds will be used to acquire new machinery and other equipment in order to expand the company's facilities for the fabrication of sheet metal and for the production of small, precision metal parts; and \$65,000 will be used to acquire additional real property in the vicinity of the company's present plant site. The remaining proceeds will be used to supplement working capital and for general corporate purposes.

The company has outstanding 333,000 common shares, of which the selling stockholders, Henry Feldmann, president, Felix Feldmann, and Willie Ramhofer, vice president, own 166,500, 83,250 and 83,250 shares, respectively. They propose to sell 50,000, 25,000 and 25,000 shares, respectively. They also propose to contribute 10,000 shares to the trust for the Employee Benefit Plan.

NEW YORK SHIPBUILDING FILES FOR SECONDARY

New York Shipbuilding Corporation, Camden, N. J., filed a registration statement (File 2-14791) with the SEC on March 3, 1959, seeking registration of 621,353 outstanding shares of its Common Stock, to be offered for public sale by the owner thereof, Merritt-Chapman & Scott Corporation. Merritt-Chapman intends to offer these shares from time to time either on the New York Stock Exchange at the price prevailing on such Exchange at the time of sale, or by public or private sale otherwise than on such Exchange at prices related to those prevailing on such Exchange.

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At such sale, Merritt-Chapman will continue to own 409,151 shares (representing about 32% of the class outstanding).

CONSOLIDATION COAL FILES EMPLOYEE PLAN

Consolidation Coal Company, 436 Seventh Ave., Pittsburgh, Pa., filed a registration statement (File 2-14790) with the SEC on March 3, 1959, seeking registration of \$3,000,000 of Participations in its Investment Plan for Salaried Employees, together with 100,000 common shares which may be acquired pursuant thereto.

LOCK JOINT PIPE FILES FOR OFFERING AND SECONDARY

Lock Joint Pipe Company, 150 Rutledge Ave., East Orange, N. J., filed a registration statement (File 2-14792) with the SEC on March 3, 1959, seeking registration of 166,716 shares of its Common Stock. Of this stock, 30,000 shares are to be offered for public sale for the account of the issuing company and 136,716 shares for the account of the holders thereof. The public offering price and underwriting terms are to be supplied by amendment. Kidder, Peabody & Co. is listed as the principal underwriter.

The company is a manufacturer of prestressed concrete pressure pipe, as well as reinforced concrete pipe for use in sewage and drainage systems and for culverts. Of the net proceeds from its stock sale, \$500,000 will replenish working capital used in February 1959 for the purchase of the assets and business of Associated Concrete Pipe Company of Florida, a manufacturer of concrete sewer and culvert pipe in Miami, for a consideration in that amount. The remainder of the proceeds will be added to general funds of the company and will be available for general corporate purposes.

The company has outstanding 1,665,021 common shares. The prospectus lists 25 selling stockholders, who own in the aggregate 1,006,869 shares. The largest blocks are being sold by Co-executors of the estate of J. H. Hirsh (22,500 shares); E. H. R. Hirsh (29,880); M. M. Hirsh, a director (12,000); P. R. Hirsh, a director (12,000); and J. E. Longley (15,000). A. M. Hirsh, Jr., company president, is selling 6,600 of his holdings of 97,596 shares.

HEARING SCHEDULED IN TODD CASE

The Securities and Exchange Commission has scheduled for hearing on March 19, 1959, in its Boston Regional Office, the proceedings authorized under date of January 16, 1959, to determine whether it is in the public interest to suspend or revoke the registration as an investment adviser under the Investment Advisers Act of 1940 of F. Payson Todd, doing business as The New England Counsellor, of Rowley, Mass. (Release IA-100).

As indicated in the order authorizing the proceedings (Release IA-99), the action is based upon a December 23, 1958, decree of the U. S. District Court for the District of Massachusetts permanently enjoining Todd from engaging in or continuing certain conduct of practices in connection with his investment advisory activities and in connection with the purchase or sale of securities.

INDUSTRO TRANSISTOR HEARING POSTPONED

By agreement of the parties, the SEC has authorized a further postponement, from March 3, 1959, to March 23, 1959, of the hearing in the stop order proceedings under the Securities Act of 1933 pending in respect of the registration statement filed by Industro Transistor Corp., of Long Island City, N. Y. In its order of January 13, 1959, authorizing the proceedings (Release 33-4018), the Commission challenged the adequacy and accuracy of various disclosures contained in the company's registration statement and prospectus.

HAMILTON OIL HEARING CANCELLED

The March 4, 1959, hearing in the stop order proceedings under the Securities Act of 1933 pending in respect of the registration statement filed by Hamilton Oil & Gas Corporation, of Denver, has been cancelled, following the filing by the company of a stipulation of facts

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and consent to issuance of a stop order. The Commission's order authorizing the proceedings (Release 33-4017), challenged the adequacy and accuracy of various disclosures contained in the company's registration statement and prospectus. A Commission decision is now in preparation based upon the stipulation and consent.

BOND FINANCING PROPOSED BY OHIO EDISON

Ohio Edison Company, Akron, Ohio, has filed a proposal with the SEC for the issuance and sale at competitive bidding of \$30,000,000 of First Mortgage Bonds, Series due 1989; and the Commission has issued an order giving interested persons until March 17, 1959, to request a hearing thereon. Ohio Edison also proposes to issue up to \$4,181,000 of bonds for sinking fund purposes.

Ohio Edison estimates that its 1959 construction expenditures will amount to \$55,500,000 and that the proceeds from the bond sale, together with cash on hand and to be derived from operations, will be sufficient to provide for such expenditures.

CERRO DE PASCO FILES EXCHANGE PLAN

Cerro de Pasco Corporation, 300 Park Avenue, New York, today filed a registration statement (File 2-14793) with the SEC seeking registration of \$8,040,200 of 5½% Subordinated Debentures, due 1979 (convertible until December 31, 1968), and 61,522 shares of its common stock.

According to the prospectus, Cerro de Pasco on March 25, 1959, will acquire all the assets of Consolidated Coppermines Corporation in exchange for shares of its common stock and 5½% subordinated debentures. The shareholders of Coppermines, which is to be dissolved and liquidated, will receive the said debentures and stock. The prospectus further indicates that in the view of SEC, certain of these shareholders are in a control relationship to Coppermines and, since they have advised Cerro de Pasco that they may publicly offer for sale all or part of the securities they receive, as well as the 146,185 shares of stock issuable on conversion of the debentures (which are also included in the registration statement), the selling stockholders may be deemed to be "underwriters" of any securities so offered. Accordingly, Cerro de Pasco seeks to register the securities in question. The principal selling stockholders are Paul L. Nathanson (36,926 common shares and \$4,825,800 of debentures); Eder Investments, Ltd. (10,788 shares and \$1,509,800 of debentures); D. T. M. Corporation (7,370 shares and \$963,000 of debentures); and Allan Bronfman (5,356 shares and \$700,000 of debentures).

AVCO MANUFACTURING FILES EMPLOYER PLAN

Avco Manufacturing Corporation, 750 Third Ave., New York, today filed a registration statement (File 2-14794) seeking registration of 587,281 shares of common stock. Of the shares being registered, 226,916 shares were issued by the company between January 1, 1958 and February 28, 1959 to optionees upon the exercise of options under the Avco Stock Option Plan and are still held by such optionees; 206,920 are reserved for issuance upon the exercise of outstanding options granted under said Plan; and 153,445 shares are reserved for issuance pursuant to options not yet granted under the Plan.

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