

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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HANNA MINING SEEKS ORDER. The Hanna Mining Company, approximately 46.5% of whose outstanding voting stock is owned by The M. A. Hanna Company, a closed-end non-diversified investment company, has applied to the SEC for an order under the Investment Company Act authorizing it to participate with National Steel Corporation (more than 5% of whose outstanding stock is owned by The M. A. Hanna Co.) in an iron ore pelletizing project near Keewatin, Minn. The Commission has issued an order (Release IC-4297) giving interested persons until July 29 to request a hearing thereon. According to the application, the two companies propose to enter into a joint venture agreement which will provide for the acquisition and development of the required mining and related properties, and for the construction of a concentrating and pelletizing plant and for the operation thereof. National and Hanna Mining will own interests of 85% and 15%, respectively; they will agree to pay the costs of the venture and take delivery of the pellets in these same proportionate amounts. Under Section 17(d) of the Act, it is unlawful for an affiliated person of a registered investment company to participate in any joint enterprise or other joint arrangement or profit-sharing plan in which such registered investment company, or a company controlled by such registered investment company, is a participant, unless an application regarding such joint enterprise has been approved by order of the Commission.

COLUMBIA GAS RECEIVES SUPPLEMENTAL ORDER. The SEC has issued a supplemental order under the Holding Company Act (Release 35-15274) authorizing additional transactions by The Columbia Gas System in connection with its application for an order permitting it to acquire installment notes from 15 subsidiaries, to purchase additional common stock from three subsidiaries, and to make open account advances to five subsidiaries. By previous Commission orders, certain of the proposals were authorized. The Commission has now granted further authorization for Columbia Gas to acquire installment notes from The Preston Oil Company (a wholly-owned subsidiary) in an amount not to exceed \$3,000,000.

COLUMBIA GAS SEEKS ORDER. The Columbia Gas System, Inc., New York holding company, has applied to the SEC for an order authorizing it to acquire all of the outstanding common stock of The Inland Gas Company, Inc.; and the Commission has issued an order (Release 35-15275) giving interested persons until July 26 to request a hearing thereon. According to the application, Inland (a Kentucky corporation) is the successor corporation to Inland Gas Corp., Kentucky Fuel Gas Co., and American Fuel & Power Co., pursuant to a plan of reorganization confirmed on June 2, 1958, in Federal court proceedings under Chapter X of the Bankruptcy Act. Under the plan, which was consummated pursuant to a series of subsequent orders issued by the Court in 1959 and 1960, Columbia was awarded all of the common stock of Inland, consisting of 302,157 shares with a par value of \$10 per share, in satisfaction of Columbia's claims against the debtors. In recognition of Columbia's status as a registered holding company, the plan provided that all of said common stock of Inland be placed in escrow; that the escrowed Inland stock be thereafter delivered to Columbia if authorized by the Commission under the applicable provisions of the Act; and that, otherwise, the escrowed stock be disposed of pursuant to Columbia's instructions. In its present application, Columbia requests authority to acquire the escrowed common stock of Inland. Inland is engaged in the production, purchase, and sale of natural gas. It has no residential customers. Its sales are made principally to a limited number of industrial customers on a firm, non-interruptible basis for direct use in their industrial operations.

COLUMBIA GAS SEEKS FINANCING CLEARANCE. The Columbia Gas System, Inc., New York registered holding company, has applied to the SEC for an order under the Holding Company Act authorizing it to acquire from Blue Ridge Gas Company, a newly-acquired subsidiary, an aggregate of \$1,100,000 of installment notes by March 31, 1966, and to make a cash capital contribution thereto of \$800,000. The Commission has issued an order (Release 35-15276) giving interested persons until July 26 to request a hearing thereon. The proceeds from the note sale and capital contribution will be used by Blue Ridge (1) to prepay its outstanding long-term debt estimated at \$1,031,000; (2) to repay and prepay its outstanding 6% bank loans at a cost of \$449,000; (3) to complete its 1965 construction program at an estimated cost of \$226,000; and (4) to pay approximately \$121,000 of deferred accounts payable. The balance, approximately \$73,000, will be used for additional working capital.

GOLCONDA MINING SEEKS EXEMPTION. Golconda Mining Corporation, Wallace, Idaho, has applied to the SEC for an order under the Investment Company Act declaring that it is not an investment company within the meaning of that Act; and the Commission has scheduled the application for hearing on August 24th (at 9:30 A.M.) in its Seattle Regional Office. (Release IC-4298)

Section 3(a)(3) of the Act defines an investment company as one which is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40% of the company's total assets (exclusive of government securities and cash items). Golconda's \$9,966,843 of investment securities approximate 97.7% of its total assets exclusive of cash. They include \$7,326,000 in the securities of Hecla Mining Company (13% owned), and a total of \$143,300 in securities of five other less-than-majority-owned companies, Bell Mining Company (40% owned), Granada Lead Mines Company (26%), Mullan Silver-Lead Mines Company (46%), United Lead-Zinc Mines Company (37%), and Bullion Mining Company (31%).

OVER

Golconda concedes that it is an investment company as defined in Section 3(a)(3), but contends that it is entitled to a finding and order under Section 3(b)(2) that it is not an investment company. Under Section 3(b)(2), the Commission may upon application find and declare that a company is engaged in a business or businesses other than that of an investment company, either directly or (A) through majority-owned subsidiary or (B) through controlled companies conducting similar types of businesses. Golconda claims that it is primarily engaged in the mining business directly, through three majority-owned subsidiaries, Alice Silver-Lead Mines Company, Black Bear Mines Company, and Square Deal Mining and Milling Company, and through the six less-than-majority-owned companies referred to above, including Hecla.

TWO COMPANIES SEEK EXEMPTION. The SEC has issued orders under the Securities Exchange Act giving interested persons until July 27 to request a hearing upon applications of Cotter & Company, Chicago, Ill., and Santa Ana Valley Irrigation Company, Orange, Calif., for exemption from the registration provisions of Section 12(g) of the Act.

According to its application, Cotter & Co. is a retail dealer-owned wholesaler of hardware products. It functions generally in the "cooperative" form, the purchase of its common stock being available only to retail hardware dealers who desire to become members. Because of the nature of its business operations, there exists no trading interest by the public in securities of the company, which distributes all of its net earnings in the form of patronage refunds.

The application of the Irrigation Company states that it was organized as a non-profit mutual water company to provide water for irrigation purposes to owners of land in the Rancho Santiago de Santa Ana, Calif. On December 31, 1964, it had 9,755.75 shares outstanding held by 1,749 stockholders. Of such stock, 8,719.64 shares are appurtenant to land and can be transferred only with the land to which they are attached. However, pursuant to procedures specified in the company's by-laws, 46 transfers for the purpose of removing stock from its attachment (involving a total of 392.47 shares) were recorded during 1964. In the same period, four transfers involving 23.63 shares were effected with respect to the company's stock which is not appurtenant to land. There is no market for the stock.

The granting of an exemption from Section 12(g) of the Act will have the additional effect of providing exemption from the periodic reporting requirements of Section 13 of the Act, as well as the proxy and insider trading provisions of Section 14 and 16, respectively. However, Cotter & Co. will continue to file periodic reports under Section 13 pursuant to an undertaking included in a registration statement under the Securities Act of 1933 which became effective in February 1963; and it has undertaken to furnish each stockholder an annual report, including certified financial statements. The Irrigation Company stockholders also receive reports containing certified financial statements.

STEEL AND JAYSON CONVICTED. The SEC announced July 7 (LR-3266) that, following a 3-week jury trial, Herbert Johannes Steel and Alice Jayson, a/k/a Alice Jacobsohn, were convicted (USDC SDNY) of conspiring to violate the Securities Act registration provisions in the sale of common stock of Alaska International Corporation. Steel and Jayson were also convicted of making false statements to the Commission.

BELDEN & BLAKE FILES FOR OFFERING. Belden & Blake and Company Limited Partnership No. 11, 702 Tuscarawa St., West, Canton, Ohio, 44702, filed a registration statement (File 2-23807) with the SEC on July 6 seeking registration of 100 units of participation in the partnership, to be offered for public sale at \$2,700 per unit. The offering is conditioned upon the subscription of at least 75 units by November 1, 1965. The partnership was organized under Ohio law for the purpose of drilling oil and gas well locations in Ohio, where certain acreage can be acquired from Belden & Blake Oil Production, a general partnership. The latter is 60%-owned by Henry S. Belden, III, and Glenn A. Blake, general partners in the limited partnership. Belden and Blake will operate the business of the limited partnership.

KELLOGG FILES STOCK PLAN. Kellogg Company, Battle Creek, Mich., filed a registration statement (File 2-23809) with the SEC on July 6 seeking registration of 100,000 shares of common stock, to be offered pursuant to the company's Qualified Stock Option Plan.

SECURITIES ACT REGISTRATIONS. Effective July 7: Texas Gas Transmission Corp., 2-23714 (40 days); Mississippi Power Co., 2-23722 (Aug 25).
Effective July 8: Burlington Industries, Inc., 2-23699 (Aug 17); Hatteras Yacht Co., 2-23583 (Oct 7); Sternco Industries, Inc., 2-23696 (40 days).

NOTE TO DEALERS. The last date or the period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

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