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)

Washington 25, D.C.

FOR RELEASE December 7, 1960

BANNER INDUSTRIES FILES FOR OFFERING AND SECONDARY. Banner Industries, Inc., 1311 South 39th St., St. Louis, Mo., filed a registration statement (File 2-17365) with the SEC on December 6, 1960, seeking registration of 250,000 shares of common stock, 10¢ par value, together with 222,500 warrants to purchase common stock and 222,500 shares of common stock underlying the warrants. The offering is to be made in units, each unit consisting of two shares of common stock and one warrant to purchase one share at $6.00 per share to May 1, 1962. Of the 125,000 units covered by the registration statement, 62,500 units are being offered by the company and the other 62,500 units are being offered by Ben Blum, president and director of the company and owner of 79.4% of the company's outstanding common stock and 56.4% of its outstanding warrants. The offering is to be underwritten by a group headed by Netherlands Securities Company, Inc., on a best efforts, all or none basis. The underwriters will receive an underwriting commission of $1.10 per share, and, in addition, the company and the selling security holder have agreed to pay to the underwriters out of the proceeds of the issue a maximum expense allowance of $37,500. The underwriters will additionally receive warrants to purchase 97,500 shares of common stock at a price of $6.00 per share for a period of thirty months from February 1, 1961. The underwriting agreement provides that if less than all the units are sold within 60 days from the effective date of the registration statement the offering will be withdrawn and all funds will be returned to subscribers without interest.

The company, which was incorporated on December 3, 1956, under the laws of the State of Missouri as Banner Hardware Jobbing Company, is principally engaged in national wholesale distribution of tools, hardware, housewares, sporting goods, toys, and promotional specialties. It has two wholly-owned subsidiaries, Giant Value Stores, Inc., through which it operates 14 leased departments in self service discount centers, and Mississippi Valley Hardware Company, through which it imports from Japan and Europe many of its tools, sporting goods, toys, and promotional specialties, manufactured to its specifications.

Of the net proceeds to be realized by the company from the sale of the 62,500 units being offered by it, approximately $200,000 will be used to open leased departments in self service discount centers and super markets, approximately $10,000 will be used to expand the company's imports from Japan and Europe, and the balance will be used for additional working capital, principally to carry greater inventories.

In addition to indebtedness, the company has outstanding 375,000 shares of common stock and 375,000 warrants for the purchase of 375,000 additional shares of common stock. All officers and directors of the company as a group own 350,795 shares (95.5%) of the outstanding common stock and 333,795 warrants (89%).

LONE STAR GAS COMPANY PROPOSES RIGHTS OFFERING. Lone Star Gas Company, 301 South Harwood Street, Dallas, Tex., filed a registration statement (File 2-17366) with the SEC on December 6, 1960, seeking registration of 665,838 shares of common stock, to be offered for subscription by common stockholders of record at the close of business on January 5, 1961, at the rate of one share of common stock for each ten shares then held. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation is listed as the principal underwriter.

Of the net proceeds from the offering, $20,000,000 will be used to prepay without premium existing short-term bank borrowings of $10,000,000 due March 13, 1961, and bank loans of $10,000,000 due September 15, 1961. The remainder of the net proceeds will be used to provide a portion of the funds needed to finance the 1961 construction program of the company and its subsidiary, Lone Star Producing Company. The bank borrowings and loans to be prepaid were originally incurred to provide a portion of the funds required for the companies' 1959 and 1960 construction programs. The companies' 1961 construction expenditures are presently estimated at $33,700,000, of which about $13,000,000 are expected to be spent for extensions and betterments to the distribution systems, $10,000,000 for transmission, gathering and compression facilities, $9,200,000 for drilling and deepening natural gas and oil wells, and $1,500,000 for the purchase of undeveloped gas and oil leases. To provide for the companies' 1961 construction program, it is estimated that about $10,000,000 will be required from external sources. The prospectus states that it is presently contemplated that the additional funds required will be obtained through long-term debt financing, but that the time and amount of such future financing will be determined in the light of circumstances and conditions as they develop, and that temporary bank borrowings may be utilized pending the consummation of any permanent debt financing.

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COLUMBIA GAS INTRA-SYSTEM LOAN PROPOSAL CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14325) authorizing The Columbia Gas System, Inc., New York holding company, to loan funds to its wholly-owned subsidiaries, Amere Gas Utilities Company and Virginia Gas Distribution Corporation, to provide the additional new money required for their revised 1960 construction programs. Under the proposal Amere and Virginia Gas Distribution will issue and sell installment promissory notes in the aggregate principal amounts of $800,000 and $400,000, respectively, to Columbia. The notes are to be issued and sold periodically when funds are needed but not later than April 1, 1961.

VIOLATIONS CHARGED TO STRAND INVESTMENT CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Strand Investment Company, 16 Exchange Place, Salt Lake City, Utah, a registered broker-dealer, has violated the Commission's net capital rule and, if so, whether its registration should be revoked, whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc., and whether it should be suspended or expelled from membership in the Salt Lake Stock Exchange. Other questions to be considered are (1) whether Elmer E. Strand, president, director, and beneficial owner of 10% or more of the common stock of the company, is a cause of any order of revocation, suspension or expulsion which may be entered by the Commission and (2) whether the Commission should permit the company to withdraw its registration, pursuant to a notice of withdrawal filed on November 7, 1960, and, if so, whether terms and conditions should be imposed upon such withdrawal.

The Commission's order states that during the period from approximately July 20, 1960, to approximately July 30, 1960, the company used, and Strand caused the company to use, the mails and the means and instrumentalities of interstate commerce to effect transactions in, and to induce the purchase and sale of securities, otherwise than on a national securities exchange, when the aggregate indebtedness of the company to all other persons exceeded 2,000 per centum of its net capital. The order also states that the company is permanently enjoined by order of the United States District Court for the District of Utah from engaging in or continuing certain conduct and practices in connection with the purchase and sale of securities.

A hearing for the purpose of taking evidence in the proceedings will be held at a time and place to be announced later.

THREE ISSUES DELISTED. The SEC has granted applications (Release 34-6429) of the Midwest Stock Exchange, the Pacific Coast Stock Exchange, and the New York Stock Exchange, respectively, to delist the common stocks of Basic Incorporated, General Pacific Corporation, and Natus Corporation, effective at the close of the trading sessions on December 21, 1960. According to the applications, there has been very limited trading in the Basic Incorporated issue on the Exchange for many years and the application to delist was filed with the consent and approval of the company. General Pacific Corporation has declared a final liquidation payment of cash and stock of a heretofore wholly-owned subsidiary, and Natus has sold its principal operating assets, has ceased to be an operating company, and has listed its common stock on the American Stock Exchange.

DELISTING OF HOOVER BALL AND BEARING PROPOSED. The SEC has issued an order (Release 34-6429) giving interested persons until December 23, 1960, to request a hearing upon the application of the Detroit Stock Exchange to delist the common stock of Hoover Ball and Bearing Company. The application was filed at the request of the company. The company's stock remains listed on the New York Stock Exchange.

UNLISTED TRADING SOUGHT IN TEN STOCKS. The SEC has issued orders giving interested persons until December 23, 1960, to request hearings upon applications of the following stock exchanges for unlisted trading privileges in the common stocks of the companies indicated:

(1) Cincinnati Stock Exchange
- Aluminum Company of America
- Ampex Corporation
- General Telephone & Electronics Corporation
- Goodyear Tire & Rubber Company
- Gulf Oil Corporation
- Minnesota Mining & Manufacturing Company
- United Aircraft Corporation
- Western Union Telegraph Company

(2) Detroit Stock Exchange
- Hoover Ball and Bearing Company

(3) Philadelphia-Baltimore Stock Exchange
- Rohr Aircraft Corporation

HOWARD BANDOLIK ENJOINED. The SEC New York Regional Office announced December 2 (LR-1850) the entry of a court order (USDC SDNY) permanently enjoining Howard Bandolik from further violations of Section 10(b) of the Securities Exchange Act and Rule 10b(5) thereunder.

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