

# 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 December 12, 1956

American Investment and Income Fund, Inc., Washington, D. C., investment company, filed a registration statement (File 2-12947) with the SEC on December 11, 1956, seeking registration of 100,000 shares of its Common Stock.

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The Hartford Gas Company, Hartford, Conn., filed a registration statement (File 2-12948) with the SEC on December 11, 1956, seeking registration of 60,000 shares of its \$25 par Common Stock, issuable against conversion of \$1,500,000 of 3 $\frac{1}{4}$ % Ten Year Convertible Debentures due July 1, 1965. Owners of the debentures will be entitled on and after January 1, 1957, to convert such debentures into shares of the \$25 par common stock of the company by exercising the conversion privilege conferred by the indenture. The conversion price is initially \$27 per share of common stock acquired and is payable by the surrender of \$25 principal amount of debentures and payment of \$2 in cash.

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The Hansen Manufacturing Company, Cleveland, O., filed a registration statement (File 2-12949) with the SEC on December 11, 1956, seeking registration of 133,200 Common Shares, \$1 par. The offering of these securities does not represent new financing by the company; and the company will not receive any of the proceeds. All of the 133,200 common shares are owned by Hayden, Miller & Co. and Ball, Burge & Kraus, investment bankers, through whom they are to be offered for public sale. The public offering price and other terms are to be supplied by amendment.

Hansen Manufacturing is engaged in the manufacture of quick connective fluid line couplings. It has outstanding 244,200 common shares. Heretofore, there have been two shareholders, Fred E. Hansen, owning 45-5/11% of the outstanding shares and the late James W. Frazier, owning 54-6/11%. The 133,200 common shares the subject of this offering represent the 54-6/11th interest in the company acquired by the investment bankers on December 10, 1956, through an assignment to them by Fred E. Hansen of his right and obligation to purchase those shares from the estate of James W. Frazier. The purchase price is to be supplied by amendment. As part of the public offering, the partners of the investment banking firms and members of their immediate families are permitted to purchase 46,000 common shares, at the public offering price; and the company has been advised that not less than 35,000 shares will be so purchased.

Economics Laboratory, Inc., St. Paul, Minn., today filed a registration statement (File 2-12950) with the SEC seeking registration of 100,000 shares of its \$1 par Common Stock, to be offered for public sale through an underwriting group headed by W.E. Hutton & Co. and Kalman & Company, Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged principally in the business of manufacturing and selling powdered and liquid detergents and cleaning agents for commercial dishwashing and household use, its manufacturing activities being carried on in six plants in the United States. Net proceeds of this financing will be added to the general funds of the company and will be available for its general corporate purposes. The company intends to apply \$400,000 of such proceeds to repay a bank loan in such amount obtained to purchase The Soil-Off Company Division of The S. O. S. Company in February 1956. Of the balance of such proceeds, the Company intends to apply approximately \$375,000 for the purchase and installation of equipment and machinery for its new Chicago plant now under construction, \$350,000 to provide additional plant space and equipment for its plants in California and at Lyndhurst, New Jersey, and \$100,000 to provide machinery and equipment for a new plant which the company intends to lease in Dallas, Texas.

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American Mutual Fund, Inc., Los Angeles investment company, filed an amendment on December 11, 1956, to its registration statement (File 2-10607) seeking registration of an additional 1,000,000 shares of its capital stock.

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First Investors Corporation, New York investment company, filed an amendment on December 11, 1956, to its registration statement (File 2-10923) seeking registration of an additional \$100,000,000 of its Periodic Payment Plans and Single Payment Plans.

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The Securities and Exchange Commission has granted a request of Lithium Metal Reduction Corporation, Washington, D. C., for a hearing, scheduled for December 19, 1956, on the question whether to vacate or make permanent a previous order of the Commission temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public stock offering by Lithium.

In its Regulation A notification, filed with the Commission on October 24, 1956, Lithium proposed the public offering of 300,000 common shares at \$1 per share pursuant to the conditional exemption from registration provided by that Regulation.

By order dated November 13, 1956 (Securities Act Release No. 3718), the Commission temporarily suspended the exemption from registration on the basis (1) that a Regulation A exemption is not available because of a Court injunction issued July 10, 1956, against Marshall I. Stewart, a promoter, secretary and director of the issuer and (2) the terms and conditions of Regulation A were not complied with, in that (a) the issuer failed to disclose the said injunction; (b) the issuer failed to disclose the amount of securities issued within the past year to officers, directors and promoters and the consideration received therefor; (c) the offering circular fails to disclose the percentage of outstanding securities to be held by insiders as a group and by the public, and the respective amounts of cash to be paid therefor by such group and by the public; (d) the issuer failed to file copies of the provisions of governing instruments defining the rights of the holders of the securities to be offered, or the consents of geologists to the use of statements from their reports in the offering circular; (e) the offering circular fails to state the purposes for which the proceeds from the stock sale are to be used, the amount to be used for each such purpose, the priority thereof, and the arrangements, if any, for return of funds to subscribers if all the securities are not sold; (f) the issuer failed to comply with a provision of the Regulation in computing the amount of securities that may be offered or in making such appropriate escrow arrangements as are necessary to comply therewith; and (g) the offering circular fails to include the required financial statements.

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The Securities and Exchange Commission took under advisement today its proposals for modification of its Regulation A exemption from registration under the Securities Act of 1933 for public offerings of securities not exceeding \$300,000 in amount.

At a public hearing scheduled for 10:00 A.M. this date, no one appeared to voice objections to or comments upon the amendment proposals. Previously, letters of comment had been received from 25 individuals and companies in addition to the comments submitted by the Small Business Administration. A request of the American Mining Congress for a short additional time for filing written comments was granted by the Commission, and the Commission stated it would consider any written comment received up to the time of its decision.

The amendment proposals, announced July 23, 1956, were an outgrowth of the Commission's experience with the sale of so-called "penny stocks" by new companies which have availed themselves of the Regulation A exemption from registration. The purpose of the amendment proposals is to make Regulation A exemptions available to what might be termed "seasoned" companies meeting a specific earnings test

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or whose offerings meet certain tests with respect to the limited character of the offering, and thus subject to the full disclosure requirements of registration public offerings by non-seasoned companies and thereby provide increased investor protection and aid the enforcement and anti-fraud work of the agency.

Under the proposals, the exemption would be available only to companies which show a net income for at least one of the past five years or which limit their offerings to not more than 100,000 units in the case of equity securities and 3,000 units in the case of debt securities. Alternative proposals under consideration would require the issuer to meet both tests.

When the written comments have been fully analyzed, the Commission will announce its decision as to the nature and scope of the further amendments to Regulation A which it believes to be necessary for the protection of the investing public.

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Atlantic City Electric Company, Atlantic City, N.J., today filed a registration statement (File 2-12951) with the SEC seeking registration of \$10,000,000 of First Mortgage Bonds, Series due 1987, to be offered for public sale at competitive bidding. Net proceeds will be applied to the prepayment of all outstanding bank notes (\$6,025,000) issued for construction purposes, and the balance will be used to pay for part of the cost of the 1957 construction program. Construction expenditures in 1957 are estimated at \$18,958,000.