Washington Report

By Bob Dickey

Washington, Feb. 2—There has been a virtual battle of giants raging here in Washington for the past couple of weeks over the ultimate disposition of the common stock of a Northwest power company.

The stage for the affray was set when the securities and exchange commission ordered the American Power and Light company broken up pursuant to the holding company act of 1935.

American Power and Light is a private power holding company which controls a number of power companies all over the nation. Included among its subsidiaries is Pacific Power and Light.

Since American holds all the common stock of Pacific, in the process of disbanding American the Pacific common stock has been put on the block and this is the root of the present tussle.

American Head Finagles

Instead of offering the Pacific common stock to competitive bidders as is normally required by law, Howard L. Aller, the head of American, began some private finagling on the side.

He entered into negotiations with two different groups of financiers. One was headed up by B. J. Van Ingen and company and the spokesman for the other group was A. C. Allen and company.

While both of these groups represented Wall Street banking interests, the type of deals they were offering for the purchase of the Pacific stock was drastically different.

The Allen group ultimately offered to pay American 15 million dollars cash for the Pacific stock. And they also promised to put the stock on the Seattle and Portland stock exchanges, thus preserving the Pacific Power and Light company.

Credit Wanted

In contrast, the Van Ingen group, while they promised to pay more in the end, wanted to buy on credit. Furthermore, instead of preserving Pacific Power and Light, they were going to sell the company's property piecemeal throughout the Northwest for the best price they could get.

American Power's head, Howard Aller, who is well known as a slick operator, had a chance to make a sizeably larger amount of money from the Van Ingen offer, so on January 4 of this year he entered into a contract with them.

But as an example of how close he was playing it, he didn't even tell Paul B. McKee, Pacific Power's president, that the Pacific stock was contracted to be sold. He also refused to tell the Allen group that the deal was closed. Instead, he pretended that he was still interested in their offer and continued to negotiate with them.

Protest From West

When word of these machinations leaked out to the Northwest, a volcano of protest erupted. And at the securities and exchange commission's recent hearing on the merits of American's sale of the Pacific stock to the Van Ingen group, the wash was thoroughly aired.

Representatives of the Pacific company, of the State of Oregon, of the State of Washington, and numerous other groups were permitted to tell their story.

J. L. Kennedy, chief accountant for the Oregon utilities commission, appeared in protest to the sale for the state, and numerous other Oregon organizations filed their disapproval.

Some of these were: the Portland city council; The Dalles, through its mayor, Fred Hauser; and the chambers of commerce of Redmond, The Dalles, Freewater and Pendleton.

Tempers Flare

The hearings started out in low gear but before long tempers were flaring. It soon became apparent that the public interest was only a collateral issue. The real scrap was between two private power companies.

It was the head of the parent company, American Power and Light, pitted against the directors of the subsidiary, Pacific Power and Light. Pacific was making a last ditch stand in its fight for survival, while the head of American was trying to pull off a sub rosa deal to make a cleanup.

During the process of the hearings there were some startling disclosures. John Laing of Portland, an attorney for Pacific Power, was permitted to question representatives of the Van Ingen group in regard to the details of their contract with Aller of American.

Laing succeeded in goading out a confession that the Van Ingen group was going to peddle the Pacific properties chiefly to public power groups in the Northwest through a contact man named Guy Meyers of Seattle.

$400,000 for Promoter

It was admitted that Meyers was going to "soak" the various local utility groups all he could get for the properties. It also was brought out that Meyers could make up to $400,000 on the transaction.

What this amounted to was that the parent private power company, American, was not only playing footsie with public power—it was going to sacrifice its private power subsidiary company, Pacific, at the altar of public power. Then at the same time, it was going to work over the public power groups by selling the Pacific property to the Van Ingen group, who in turn, was letting the promoter, Meyers, peddle the property to the public power groups at outlandish prices.

Meanwhile, all this time the Allen group was standing by with its 15 million dollar cash offer, hoping to get a good buy for itself.

The Pacific Power people were agreeable to the Allen bid because they were going to be permitted to continue in existence under the terms of the deal. They were only protesting the sale to the Van Ingen group because they would be destroyed under its terms.

SEC Vetoes Both Deals

The fracas isn't settled yet. The securities and exchange commission turned thumbs down on both the Van Ingen and Allen deals. Any new deals cooked up will have to have SEC approval before a sale of Pacific Power to anybody can be consumated.

RESCUERS RESCUED

Nashville, Ind.—(U.P.)—State highway department employes Virgil Woods and Lee Lister were busy during a flood helping motorists and keeping check on the flood waters. They were driving along a flooded section of the road when their truck slid off into a ditch. They crawled onto the top of their truck and waited until rescuers came to rescue the rescuers.

FOREVER CONTRARY

Newton, Mass.—(U.P.)—Amber, a cat owned by little Patricia Humphrey, is friendly with mice, bites people and hates catnip.