

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 8, 1958

Statistical Release No. 1570

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended December 5, 1958, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1958, is as follows:

	1939 = 100		Percent Change	1958	
	12/5/58	11/28/58		High	Low
Composite	385.9	386.7	-0.2	391.1	299.0
Manufacturing	483.5	485.4	-0.4	491.9	373.3
Durable Goods	442.4	445.3	-0.7	451.5	332.2
Non-Durable Goods	512.1	513.0	-0.2	519.7	402.2
Transportation	328.2	332.2	-1.2	332.2	219.7
Utility	190.3	189.3	+0.5	191.6	155.5
Trade, Finance & Service	367.8	363.9	+1.1	368.0	263.2
Mining	336.4	337.9	-0.4	347.2	261.3

OIL & GAS VENTURES 1959 FUND FILES FOR OFFERING

Oil & Gas Ventures - Second 1959 Fund, Ltd., a New Jersey Limited Partnership, of 55 Green Village Road, Madison, N. J., filed a registration statement (File 2-14585) with the SEC on December 5, 1958, seeking registration of \$1,500,000 of Participations in Capital as Limited Partnership Interests. It is proposed to offer the partnership interests for public sale in units of \$10,000 each. The offering will be made by Mineral Projects Company, Ltd., of Madison, as promoter and underwriter, on a best efforts basis, for which a selling commission of 3% is to be paid.

The Fund was organized on November 15, 1958 under New Jersey law, with Oil & Gas Ventures, Inc., a Delaware corporation, as general partner, and Mineral Projects Company, Ltd., Flora (Mrs. Clinton) Davidson, and Elizabeth K. (Mrs. Raymond E.) Hartz as limited partners, and with the right to admit additional limited partners on or before September 1, 1959. It is authorized to engage in the oil business generally; and it is contemplated that the funds received from this offering, after payment of the expenses incident to organizing, will be employed largely in the acquisition and exploration of oil and/or gas properties. The general partner has subscribed to \$10,000 of capital and the initial limited partners have subscribed to a total of \$10,000 of capital, with special provisions governing their participation in net profits and losses.

Management of the Fund is vested in Oil & Gas Ventures, Inc., whose stock is owned by Robert S. Carter, of New York, Clinton Davidson, of Madison, and Raymond E. Hartz, of Madison.

OVER

NORTHERN INSURANCE OF N.Y. PROPOSES RIGHTS OFFERING

Northern Insurance Company of New York, 2 Lafayette St., New York, filed a registration statement (File 2-14584) with the SEC on December 5, 1958 seeking registration of 145,200 shares of Capital Stock, to be offered for subscription by stockholders of record December 23, 1958, on the basis of one new share for each two shares then held. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation and Wood, Struthers & Co. are listed as the principal underwriters.

The purpose of the sale of the shares is to increase the capital and surplus of Northern. The net proceeds will be added to, and used as a part of, Northern's general funds, and it is presently intended that such proceeds will be invested in securities, including, to the extent desirable from time to time, investments in its wholly owned subsidiaries to increase their capital and surplus.

GOODMAN EMPLOYMENT BY BROKER-DEALER FIRM AUTHORIZED

The SEC today announced the issuance of a decision (Release 34-5828) permitting the employment of Kenneth E. Goodman by Wayne, Hummer & Co., of Chicago. The decision continues the latter firm in membership in the National Association of Securities Dealers, Inc., with Goodman in its employ.

Goodman was the sole stockholder of Kenneth E. Goodman & Co., whose broker-dealer registration was revoked by the Commission in April 1948. That company was found by the Commission to have made false entries in its books and records which overstated its bank balance and to have effected securities transactions in violation of the Commission's net capital rule. Goodman was said to have aided and abetted in the violations and was found to be a cause of revocation.

The NASD applied for continuance of Hummer & Co. in membership with Goodman employed as a registered representative and stated that in its opinion such approval would be consistent with the purposes and policies of the Securities Exchange Act. Goodman's activities are to be closely supervised by the branch office manager in charge, who will over-see customer relations and correspondence, initial all orders, approve all new accounts and review statements to customers. Other similar measures will be taken to ensure customer protection. Although accepting responsibility for his prior conduct, Goodman asserted that he has been in the securities business for a great number of years and it is the means of his livelihood and that his acts which resulted in the prior revocation did not cause loss to any customers and that if his employment by Hummer & Co. is approved his conduct will be above reproach.

Under the circumstances and in view of the NASD's favorable recommendation and the close supervision which Goodman's activities will receive, the Commission concluded that continuance of Hummer & Co. in NASD membership with Goodman in its employ was appropriate in the public interest.

COLUMBIA GAS PURCHASE OF HOME GAS SECURITIES APPROVED

The SEC has issued an order (Release 35-13879) authorizing Home Gas Company, Pittsburgh, Pa., to issue and sell an additional 20,000 shares of its \$25 par common stock and \$950,000 of unsecured installment promissory notes to its parent, The Columbia Gas System, Inc. The funds will be used as needed for the subsidiary's construction program.

KENTUCKY POWER PROPOSES BANK BORROWINGS

Kentucky Power Company, Ashland, Kentucky, has applied to the SEC for authorization to issue and sell \$5,100,000 of short-term promissory notes to banks; and the Commission has issued an order (Release 35-13878) giving interested persons until December 22, 1958, to request a hearing thereon. Of these notes, \$4,300,000 would be in renewal of amounts previously borrowed and \$800,000 would represent additional borrowings under a prior order of the Commission to carry the company's construction program through 1959.

OPPENHEIMER FUND SEEKS REGISTRATION OF SHARES

Oppenheimer Fund, Inc., 25 Broad St., New York, newly-organized investment company, filed a registration statement (File 2-14586) with the SEC on December 5, 1958, seeking registration of 100,000 shares of its capital stock. The prospectus lists Max E. Oppenheimer as president. Offering of the shares is to be made by Oppenheimer & Co. (of which Oppenheimer is a partner), which also will serve as investment adviser.

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The Philadelphia-Baltimore Stock Exchange has applied to the SEC for unlisted trading privileges in the Warrants for Common Stock of Sperry Rand Corporation and Tri-Continental Corporation and in the Common Stocks of Standard Packaging Corporation, Deere & Company (Del.) and Eastern Gas & Fuel Associates; and the Commission has issued orders (Release 34-5830) giving interested persons until December 16, 1958, to request hearings with respect to Deere & Co. and December 19, 1958, with respect to the other four companies.

The Commission has issued orders granting applications of the Philadelphia-Baltimore Stock Exchange for unlisted trading privileges in the common stocks of United Merchants & Manufacturers, Inc., and Food Machinery & Chemical Corporation (Release 34-5830).

The Commission has issued orders (Release 34-5830) giving interested persons until December 17, 1958, to request hearings with respect (1) to an application of the Philadelphia-Baltimore Stock Exchange to strike from listing and registration the capital stock of Suburban Trust Company, filed at the request of the issuer by reason of the small volume of trading; and (2) to an application filed by Cessna Aircraft Company to withdraw its common stock from listing and registration on the Pacific Coast Stock Exchange because of the small volume of trading therein on the Exchange (the stock remains listed on the New York Stock Exchange).

The Commission has issued orders (Release 34-5830) granting applications of the New York Stock Exchange to strike from listing and registration the common stocks of American Encaustic Tiling Company, Inc., and Real Silk Hosiery Mills, Inc., effective at the close of the trading session on December 19, 1958. The Exchange considers the stocks no longer suitable for listing and registration because of the limited distribution thereof.

The Commission has issued an order (Release 34-5830) granting an application of the Pacific Coast Stock Exchange to strike from listing and registration the common stock of Colonial Sand & Stone Co., Inc., effective at the close of the trading session on December 19, 1958, delisting having been requested by the issuer because of the small trading volume therein on the Exchange. The stock remains listed and registered on the American Stock Exchange.

SAN DIEGO GAS & ELECTRIC PROPOSES DEBENTURE OFFERING

San Diego Gas & Electric Company, 861 Sixth Ave., San Diego, California, today filed a registration statement (File 2-14587) with the SEC seeking registration of \$15,000,000 of Sinking Fund Debentures due January 15, 1984, to be offered for public sale at competitive bidding.

Net proceeds of the sale of the debentures will become a part of the company's treasury funds and will be applied toward the cost of additions to utility property. Gross construction expenditures amounted to \$17,684,000 for the nine months ended December 30, 1958, and are estimated at \$23,610,000 for the full year 1958 and about \$28,250,000 for 1959.

SPORTS ARENAS STOCK OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order (Release 33-4001) temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Sports Arenas (Delaware) Inc., of 33 Great Neck Road, Great Neck, New York.

Continued

The Commission's order asserts that it has reasonable cause to believe that the terms and conditions of the Regulation A exemption from registration for Sports Arenas' stock offering were not complied with; that the company's offering circular and sales material used in the offering and sale of its shares was false and misleading in respect of material facts; and that the stock offering is being made and would be made in violation of Section 17 (the anti-fraud provision) of the Securities Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Sports Arenas filed its notification with the Commission in September 1957 proposing the public offering of 240,000 common shares at \$1.25 per share pursuant to the conditional exemption from Securities Act registration provided by Regulation A. The offering circular named James Anthony Securities Corp. of New York, and Mac Robbins & Co., Inc., of Jersey City as underwriters. The company was organized for the purpose of acquiring, constructing and operating a chain of bowling alleys, skating arenas, kiddie cities and other amusement areas, principally in the larger metropolitan cities in New York, New Jersey, Connecticut, Maryland and Delaware and in the District of Columbia. Charles Gordon is listed as president.

The Commission's order asserts that the company failed to disclose all promoters, controlling persons and affiliates; that the aggregate public offering price of the securities and the aggregate gross proceeds received from the sale of securities to the public exceeded the \$300,000 limitation prescribed in Regulation A; that the offering circular was not used in the offering of the shares to the public, and certain sales material was used which was not filed with the Commission; that a false report of stock sales was filed on March 13, 1958, in that the report states, contrary to the fact, that the offering was made at \$1.25 per share by the underwriting firms named therein and was completed on November 11, 1957, and does not reflect the actual commissions paid and received; and that the notification failed to name each state in which the shares were to be offered.

Furthermore, according to the Commission's order, Sports Arenas' offering circular and sales material used in the offering and sale of its shares was false and misleading in respect of material facts, particularly with respect to the method by which the shares were to be offered, in that there was a failure to disclose that the shares would be offered at \$1.25 per share by the underwriters to a limited group of persons, who in turn would resell the shares to the underwriters at higher prices for redistribution by them to the public at still higher prices, as well as a failure to disclose the profits made by such underwriters and others participating in such distribution. Moreover, the order states, there was a failure to name and disclose the background of all promoters and affiliates of Sports Arenas; and false and misleading statements were made with respect to construction contracts, earnings, experience of management, territorial franchises, stockholders' equity, outstanding debt and stock dividends.

(NOTE TO PRESS: Above also release SEC New York Regional Office.)

SEC ISSUES RULING ON ILLOWATA OIL

The SEC today announced the issuance of a decision (Release 33-3999) in which it ruled that a prior suspension of a Regulation A exemption from Securities Act registration with respect to a proposed public offering of stock by Illowata Oil Company, of Denver, Colorado, might appropriately be vacated, provided the company's amended notification and offering circular are found upon examination not to be false or misleading.

Illowata was organized under Colorado law in September 1957 and plans to engage in the development and operation of oil properties. Its only property is an option to acquire for \$12,500 a 200-acre oil and gas lease on property in Nowata County, Oklahoma (the "Clark lease"). On October 24, 1957, it filed a notification and offering circular proposing the public offering of 900,000 common shares at 10¢ per share pursuant to the conditional exemption from registration provided by Regulation A. The Commission by order dated November 20, 1957, temporarily suspended the exemption on the ground of non-compliance with the Regulation. Subsequently, a hearing was ordered at the company's request to determine whether to vacate the suspension or make it permanent.

The suspension order had charged that Illowata's notification failed to name Allen A. Borton as a "predecessor," although the offering circular stated that the option on the Clark lease had been acquired from him and that he owned the Clark lease, and failed to disclose that he had been convicted of an offense involving the purchase and sale of securities. The evidence adduced at the hearing, however, showed that Borton was not the owner and that the company upon learning that fact had acquired an option from the real owner. Thus, the allegations of the prior order relating to Borton were not sustained.

The suspension order also challenged information in Illowata's offering circular with respect to the cost of developing the Clark lease and the prospects of oil recovery from the lease. There was a failure to disclose that the proposed application of \$20,000 of the proceeds of the stock sale to the development of the lease would be insufficient to develop the lease; that a core analysis report attached to the notification and indicating an 1800-barrel-per-acre oil recovery through water-flooding was predicated upon inadequate data and certain doubtful assumptions and gave insufficient weight to certain adverse factors; and that the prospect of a successful operation of the lease through the secondary recovery method of water-flooding was highly questionable in view of certain unfavorable factors. However, Illowata undertook to cure these deficiencies by submitting a revised offering circular and requested that the suspension order be vacated if the revised circular is satisfactory.

Observing that it is discretionary with the Commission whether to consider amendments filed after a temporary suspension order has been issued, the Commission concluded that it would exercise its discretion to consider Illowata's revised offering circular in view of the "clear showing of good faith and of other mitigating circumstances in connection with the deficiencies" in the original filing. The misleading statements, according to the decision, for the most part stemmed from or appeared in the two geological reports upon which the company assertedly relied in good faith; and Illowata had expressed a willingness to state in its amended offering circular that the two reports and a third later submitted are not to be relied on for any purpose.

Accordingly, the Commission instructed its Staff to consider and report within 30 days on the question whether the revised offering circular is in acceptable form. If so, the temporary suspension order will be vacated; and, if it is materially deficient, the suspension will be made permanent.

(NOTE TO PRESS: Foregoing also released SEC Denver Regional Office.)

FRAUD CONVICTION IN U. S. TRUST & GUARANTY CASE

The SEC Fort Worth Regional Office announced December 5, 1958 (Lit. Release No. 1369) that Willis V. Lewis, Little Rock, James M. Hay, Waco, Tex., and W. E. Hutchenrider of San Antonio were found guilty on pleas of nolo contendere to first of ten-count indictment charging violation of anti-fraud provisions of Securities Act in sale of securities of U. S. Trust & Guaranty Company, namely, certified drafts and certified draft deposit accounts. Sentencing by USDC at Houston deferred until December 30, 1958.

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