

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 August 30, 1956

SA Release No. 3684

The Securities and Exchange Commission today announced the issuance of an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Comstock Uranium-Tungsten Company, Inc., of Elko, Nevada. The order provides an opportunity for hearing, upon request, on the question whether the suspension order should be vacated or made permanent.

In its Regulation A notification, filed April 8, 1955, Comstock Uranium-Tungsten proposed the public offering of 440,000 shares of its 2¢ par common capital stock at 50¢ per share. The notification listed Clement G. Cafarelli as the principal promoter.

In its suspension order, the Commission asserts that it has reasonable grounds for believing that the offering is being and will be made in such a manner "as to operate as a fraud and deceit upon purchasers," in that (A) the company failed to amend or supplement its offering circular and sales literature to reflect the fact that certain of its officers, directors and promoters were selling personal shares of the issuer's stock in competition with the company's offering; and (B) the company failed to amend or supplement its offering circular and sales literature to reflect the fact that (1) it had lost a portion of its interest in "Desert Scheelite," its major property, and (2) Utah Uranium Brokers was no longer serving as underwriter for the offering.

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SA Release No. 3685

The Securities and Exchange Commission has vacated its order of June 8, 1956, temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities by Allied Finance Corporation, Silver Spring, Md., following the filing by the company of a delinquent report of stock sales.

In its Regulation A notification, filed July 8, 1955, Allied Finance proposed the public offering of 22,000 shares of \$2 par 6% cumulative convertible preferred stock, 36,668 shares of 25¢ par Class A common

stock, and 628 shares of \$100 par 7% cumulative non-convertible preferred stock. In its suspension order of June 8, 1956, the Commission asserted that the company had failed to file the required reports of sales of such securities, which is one of the conditions to the availability of a Regulation A exemption from registration.

Subsequently, Allied Finance filed a report of sales which reflected that there remained unsold 19,447 shares of the 6% preferred, 24,115 shares of the Class A common, and 608 shares of the 7% preferred. The company also amended its notification to reduce the offering by the amount of the unsold portion of the securities.

Accordingly, the Commission concluded that the basis for the suspension no longer exists, and it vacated its earlier suspension order.

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Tennessee Gas Transmission Company (Houston) filed a registration statement (File 2-12748) with the SEC on August 29, 1956, seeking registration of \$50,000,000 of First Mortgage Pipe Line Bonds, Series due 1976, and 200,000 shares of Cumulative Convertible Second Preferred Stock, \$100 par, to be offered for public sale through an underwriting group headed by Stone & Webster Securities Corporation and White, Weld & Co. (plus Halsey, Stuart & Co., Inc., in the case of the bonds). The interest and dividend rates, public offering price and underwriting terms are to be supplied by amendment. Net proceeds of the financing will be applied to the payment of outstanding short-term notes issued under the company's Revolving Credit Agreement, and the balance will be added to the general funds of the company.

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Diversified Oil & Mining Corporation, Denver, filed a registration statement (File 2-12747) with the SEC on August 29, 1956, seeking registration of 2,500,000 shares of 6% Convertible Non-Cumulative Preferred Stock, First Series, \$1 par, and Warrants to purchase 500,000 shares of the company's 10¢ par common stock. The company proposes to offer these securities for subscription initially by holders of its common stockholders; and the offering is to be made in units consisting of 25 preferred shares and an attached warrant certificate for the purchase of 5 common shares. The subscription price of the units is to be \$25.50 per unit, of which 50¢ represents the price per five warrants. Unsubscribed units will be offered for public sale, either directly or through an underwriter. Each warrant will entitle the holder to purchase one common share at any time prior to December 31, 1957, at \$2 per share.

The company was organized under Delaware law on January 23, 1956, and is engaged principally in the acquisition of interests in, and the operation of, producing oil and gas properties. It was incorporated initially by Shawano Development Corporation (with whom there were certain common officers and directors) for the purpose of acquiring the oil and gas properties

of Shawano, consisting principally of interests in leases covering producing wells located in Wyoming, Kansas and Illinois, which were acquired in exchange for 2,550,000 shares of the company's common shares. (Shawano distributed all but 305,955 of these shares to its stockholders.) As part of the same transaction, the company also acquired certain operating equipment, lines and tanks. Certain other properties have been acquired, for which, in one case, 900,000 common shares were issued (plus assumption of \$214,583 of indebtedness), and in the other \$1,000,000 in cash was paid.

Net proceeds of this financing will be used, first, to repay the principal amount of mortgages covering certain properties of the company and thereafter, to the extent of any proceeds remaining, to redeem five-year 6% sinking fund debentures. At the currently applicable redemption price, the amount required for redemption of all of the debentures outstanding is \$1,312,500. Any remaining proceeds will be added to working capital and used for further acquisitions or fostering increased production from existing oil properties.

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Marine Petroleum Trust, Dallas, today filed a registration statement (File 2-12749) with the SEC seeking registration of 450,000 of Units of Interest in the Trust and warrants to purchase 50,000 Units of Interest in the Trust.

The 450,000 Units of Interest are part of the 1,733,333 units issued, upon creation of the Marine Petroleum Trust, to the persons now proposing to sell the Units and to two other individuals, pursuant to the terms of a Trust Indenture dated June 1, 1956. Most of the sellers are either present or former partners or employees of the several successive partnerships known as Marine Instrument Company, of Dallas. The units are to be offered for public sale by the sellers through an underwriting group headed by Dillon, Read & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment. The prospectus lists 27 sellers, including L. C. Paslay (160,905 shares), J. H. Pernell (47,201), Chas. G. McBurney (46,903), F. P. Wipff (34,618), and Geo. M. Pavey, Jr. (30,912). The number of units being sold by others ranges from 19,373 to 47. After sale of the 450,000 units, the sellers will continue to own 1,186,834 units. The sellers also propose to offer for public sale through the underwriting group warrants for the purchase of an additional 50,000 units (of which 16,250 warrants are being sold by L. C. Paslay, 5,511 by J. H. Pernell, 5,476 by Chas G. McBurney, 4,041 by F. P. Wipff, and 3,609 by Geo. M. Pavey, Jr.). The public offering price thereof and underwriting terms are to be supplied by amendment.

The Trust has entered into several contracts with oil companies related to the development and acquisition by the oil companies of geophysical data obtained by the Trust and certain affiliated companies through extensive seismic geophysical exploration in the Gulf of Mexico for potential oil and gas bearing structures. Properties transferred to the Trust by the sellers consist of or are derived from contract rights acquired by Marine pursuant to such contracts.