DOW CHEMICAL FILES FOR SHARES ISSUABLE UPON
CONVERSION OF DOBECKMUM DEBENTURES

The Dow Chemical Company, Midland, Mich., filed a registration statement (File 2-13763) with the SEC on November 25, 1957, seeking registration of 84,121 shares of its $5 par common stock, issuable upon conversion of the $4,000,000 of 4% Subordinated Convertible Debentures, due June 1, 1980, originally issued by The Dobeckmum Company, the liability of which was assumed by Dow Chemical as of August 31, 1957. Such liability was assumed in connection with the acquisition by Dow Chemical of substantially all of the assets of Dobeckmum. The debentures are convertible at the option of the holders thereof at a conversion price of $47.55. As of November 22, 1957, $2,000,000 of the debentures were held by John Hancock Mutual Life Insurance Company, $1,000,000 by the Mutual Life Insurance Company of New York, and $1,000,000 by Massachusetts Mutual Life Insurance Company.

ILLOWATA OIL COMPANY STOCK OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public stock offering by Illowata Oil Company, Denver, Colorado. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be lifted or made permanent.

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding $300,000 in amount. In its Regulation A notification, filed October 24, 1957, Illowata proposed the public offering of 900,000 shares of its 1c par capital stock at 10¢ per share, or $90,000 in the aggregate.

The Commission asserts in its suspension order (1) that a Regulation A exemption is not available to Illowata in view of Rule 252(c) thereof, by reason of the fact that Allen A. Borton, predecessor of Illowata, was convicted on February 21, 1957, in the United States District Court for the Eastern District of Illinois of violating and conspiring with another to violate the registration and anti-fraud provisions of the Securities Act; and (2) that Illowata Oil's notification and offering circular are false and misleading in respect of various material facts, including (a) failure to name Allen A. Borton as a predecessor and the statement in response to Item 5(c) of the notification that no predecessor of the issuer has been convicted of any crime or offense; (b) failure to disclose under "Application of Proceeds" that $20,000 would be insufficient to develop the 200 acres of leases; (c) failure to disclose that the so-called "Alluwe Pool" has not been particularly prolific after water flooding and that this project must be considered extremely hazardous; (d) failure to indicate that certain references to developed and undeveloped reserves

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apparently apply to acreage other than that owned by Illowata; and (e) references to certain other recoverable reserves for which there is insufficient basis for estimating recoverable reserves or as to which it is not known whether any oil can be recovered at a profit. (See Securities Act Release No. 3866.)

DOUGLASS MUFFLER MFG. CORP. STOCK OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order temporarily suspend- ing a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by Douglass Muffler Manufacturing Corporation, Alhambra, California. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding $300,000 in amount. In its Regulation A notification, filed August 9, 1955, Douglass Muffler proposed the public offering of 5,000 shares of stock at $10 per share. The Commission asserts in its suspension order that Douglass Muffler has failed to comply with the requirements of Regulation A for the filing of semi-annual reports of stock sales and has ignored requests of the Commission's staff for such reports.

BROKER-DEALER REGISTRATION OF HORACE LINSON MICHENER REVOKED

The Securities and Exchange Commission today announced the issuance of a decision revoking the broker-dealer registration of Horace Linson Michener, a part- nership (referred to herein as "Registrant"), of Philadelphia, for willful viola- tions of the anti-fraud provisions of the Federal Securities Laws.

Horace L. Michener, who is the only general partner and who has been in control of Registrant since it became registered as a broker-dealer in June, 1952, filed an answer to the Commission's charges on behalf of himself and Registrant which contained an admission of the violations as charged, waived a hearing, and con- sented to the entry of the order of revocation.

According to the Commission's decision, during the period from March 1, 1956, to about January 4, 1957, Registrant purchased securities for a customer and received payment therefor, but instead of delivering the securities to the customer, pledged such securities with a bank as security for loans to Registrant. The securities were subsequently sold by the bank to satisfy such loans, and Registrant has not made delivery of securities to the customer or returned the purchase price to him.

Furthermore, Registrant purchased securities in December 1956 from another broker and issued checks in payment therefor totalling $114,098. The securities were placed by Registrant with its bank as collateral for loans made to it. Registrant's checks were not supported by sufficient funds and were not honored by the drawee bank. The selling broker was unable to obtain the return of the securities or to obtain payment therefor.

In addition, according to the decision, Registrant hypothecated securities carried for the accounts of certain customers under circumstances that permitted them to be commingled with securities carried for the accounts of other customers,
without first obtaining the written consent of each such customer, and permitted customers' securities to be commingled with securities carried for the account of Registrant under a lien for a loan made to it, both in violation of Commission rules. Registrant also failed to make and keep current certain books and records and to file a report of financial condition for the calendar year 1956, as required.

"In view of the nature and extent of these willful violations," the Commission stated, the public interest requires revocation of Registrant's broker-dealer registration. Michener individually was found "a cause of our order of revocation." (See Securities Exchange Act Release No. 5605.)

BROKER-DEALER REGISTRATION OF A. J. GOULD & CO., INC. REVOKED


Gould & Co. became registered as a broker-dealer on March 21, 1956. Albert J. Gould and William Fisher are its president and executive vice-president, respectively; and they are also its principal stockholders. The company employed from 6 to 15 salesmen, supervised by Fisher, and about 12 office employees. The company, Gould and Fisher were enjoined on October 3, 1956 by a decree of preliminary injunction issued by the U. S. District Court for the Southern District of New York, from engaging in or continuing certain conduct and practices in connection with the sale of securities, involving trading in securities in violation of the Net Capital Rule.

Gould & Co., Gould and Fisher stipulated that during the period March 21 to September 18, 1956, Gould & Co. used the mails and interstate facilities to effect transactions in and to induce the purchase and sale of securities otherwise than on a national securities exchange when its aggregate indebtedness to other persons exceeded the 2,000% of net capital limitation imposed by the Net Capital Rule. At various dates during this period, the deficiencies in Gould & Co.'s net capital under the Rule ranged from $34,204 to $162,794. The Commission concluded, on the basis thereof, that Gould & Co., aided and abetted by Gould and Fisher, willfully violated the Rule.

The Commission rejected a request of Gould & Co. and Gould that revocation not be ordered and that withdrawal of registration should be permitted. In support of this request, it was stated that the company's difficulties initially resulted from inexperienced personnel and careless bookkeeping and that steps were taken to improve this situation. Observing that the Rule, which requires one dollar of net capital for each $20 of liabilities, "is an important safeguard established for the protection of customers," the Commission stated that Gould & Co.'s "persistent non-compliance therewith cannot be countenanced and... that revocation of registrant's registration rather than withdrawal is appropriate in the public interest." (See Securities Exchange Act Release No. 5606.)

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