

NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

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STOP ORDER PROCEEDINGS INSTITUTED AGAINST HAMILTON OIL

The Securities and Exchange Commission has instituted "stop order" proceedings under the Securities Act of 1933 to determine whether a registration statement filed by Hamilton Oil & Gas Corporation, of Denver, Colorado, contains false and misleading statements of material fact and, if so, whether a stop order should be issued suspending its effectiveness.

Hamilton Oil was organized under Colorado law in September 1957. It is engaged in the exploration and development of oil and gas properties and the production of oil and gas; and it owns oil and gas leases on properties in Colorado, Wyoming and Pennsylvania. In its registration statement, filed October 22, 1958, Hamilton Oil proposed the public offering of 1,000,000 shares of its 25¢ par common stock at \$2 per share. Net proceeds thereof are to be used not to develop the afore-mentioned properties but to test drill and explore properties hereafter selected by the management, and for the development of any of such properties as may prove to be of commercial value.

The registration statement also includes an additional 588,000 shares to be offered to public holders of 1,176,000 outstanding common shares who have option rights to purchase the additional shares at 50¢ per share, and a further 1,250,000 of outstanding shares to be offered at \$2 per share on behalf of officers, directors and other persons presently owning shares originally issued for properties and services (such latter offering not to commence until the finances of the company are sufficient to permit it to proceed with its program). Assuming all of the 1,000,000 shares are sold to the public and the options are fully exercised, purchasers of the 1,000,000 shares would invest \$2,000,000 or approximately 77.5% of the total cash investment in the company, for which they would receive some 25% of the stock then outstanding; prior public investors would have a 43% stock interest for which they will have invested \$581,160; and the promoters would hold a 31% stock interest received in exchange for properties and services.

In ordering the stop order proceedings, the Commission challenged the accuracy and adequacy of various representations contained in Hamilton Oil's registration statement and prospectus, including the following: a statement that the productivity of the presently owned leaseholds warrant the present offering price of \$2 per share; a statement that a well drilled on a 120-acre tract, in which the company has a 38.9% interest, has estimated gross recoverable reserves of 404,736 barrels; information with respect to the drilling of another well on one of the leases now owned in Washakie County, Wyoming, and the failure to disclose that such well was a dry hole which tested the same formation which was productive in the company's present well; and statements with respect to the hazards involved in the enterprise, and concerning the disadvantages to prospective investors and corresponding advantages to the promoters and present stockholders.

Moreover, according to the order, Hamilton Oil failed to disclose, among other things, the circumstances under which the selling stockholders will commence to sell their shares in competition with shares being offered by the company; the range of recent market quotations for Hamilton Oil stock; and that the lease operating costs were a relatively high percentage of the gross sales of oil and gas and that the return from oil and gas sales was insufficient to cover lease operating costs and overhead expenses through September 30, 1958.

OVER

At a hearing scheduled for January 29, 1959, in the Commission's Washington Office, inquiry will be conducted into the foregoing matters for the purpose of determining whether Hamilton Oil's registration statement is inaccurate and incomplete in the respects alleged and, if so, whether a stop order should be issued suspending the effectiveness of the registration statement.

SAFEWAY STORES FILES STOCK OPTION PLAN

Safeway Stores, Incorporated, Fourth and Jackson Sts., Oakland, Calif., filed a registration statement (File 2-14684) with the SEC on January 14, 1959, seeking registration of 395,504 shares of Common Stock, to be offered to employees of the company and its subsidiaries who hold options to purchase such shares granted pursuant to the company's Common Stock Option Plan.

UNION SERVICE FILES THRIFT PLAN

Union Service Corporation, 65 Broadway, New York, filed a registration statement (File 2-14685) with the SEC on January 14, 1959, seeking registration of \$607,500 of Participations in its Employees' Thrift Plan, together with 15,000 shares of Tri-Continental Corporation common stock, being the number of such shares which would be purchased under the Plan if all such contributions were invested in Tri-Continental common at \$40.50 per share, the high sale price thereof on the New York Stock Exchange on January 7, 1959.

NEWMAN ASSOCIATES REGISTRATION SUSPENDED

The Securities and Exchange Commission today announced the issuance of an interim decision suspending the broker-dealer registration of Philip Newman Associates, Inc. ("Registrant"), 671 Broad Street, Newark, N. J., pending further hearings and ultimate decision on the question whether registration should be revoked.

The Commission ruled that the record before it establishes a sufficient showing of violations by Associates of the anti-fraud provisions of the Federal securities laws in the sale of stock of Monarch Asbestos Co., Ltd., to make it "necessary and appropriate in the public interest and for the protection of investors that Registrant's registration be suspended until final determination of the question of revocation."

The violations involved false and misleading statements of material facts with respect to Monarch stock, made in connection with its offer and sale by Registrant at from \$3 to \$4 per share during the period October 6 to December 18, 1958, for the purpose of inducing investors to purchase such stock. The misrepresentations included statements that Monarch was an operating company, with highly profitable production; that Monarch's asbestos mine was adjacent to that of Johns-Manville Corporation and contained asbestos superior to that produced by the latter; that Johns-Manville Corporation had determined to acquire, or to merge with, Monarch; that Monarch was paying or would soon pay dividends, and that dividends were \$1 per share; that the market price of Monarch stock had risen and would increase to from \$5 to \$15 per share in from 1 to 6 months; and that Monarch stock was actively traded, and that it would shortly be listed on the New York or American Stock Exchange. Furthermore, the evidence indicated that of the more than 124,000 shares of Monarch confirmed by registrant, 62,650 were cancelled; and one witness testified that he never ordered any of Monarch stock yet received a confirmation of sale from Registrant. The evidence also indicated that Registrant had violated the Securities Act registration provisions in selling Monarch stock without its being registered, and transacted business with insufficient net capital.

The Commission observed that its finding of violation is not to be construed as a determination of issues other than that of whether registration should be suspended at this time (other issues involved in the proceeding are whether registration should be revoked and whether certain named officers, directors and employees should be found to be a cause of any revocation order which may be issued).