

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

In ordering full text of Releases from Publications Unit, cite number)

(Issue No. 63-4-18)

FOR RELEASE April 24, 1963

PACIFIC MINES OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed stock offering by Pacific Mines, Inc., 1218 North Central Avenue, Phoenix, Arizona. 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 a notification filed on March 14, 1963, Pacific Mines proposed the public offering of 200,000 common shares at \$1.50 per share. The Commission asserts in its suspension order that it has reasonable cause to believe that (1) the issuer's offering circular contains an inaccurate and misleading description of, and omits material information concerning, the issuer's property and planned business; (2) the issuer's notification fails to disclose the name and address of each predecessor affiliate and controlling person of the issuer, as well as the issuance of stock to management officials, promoters and controlling persons; (3) the offering circular contains financial statements which do not meet the requirements of Regulation A and were not prepared in accordance with generally accepted accounting principles; (4) the notification fails to include certain required exhibits; and (5) the stock offering would violate the anti-fraud provisions of the Securities Act.

The alleged misrepresentations with respect to the issuer's property and planned business relate to references in the issuer's notification and offering circular to the following: (a) the use of the proceeds of the stock sale, in part, to complete "the development work, the building of roads and other incidental expenses necessary for entering production and sale of iron ore;" (b) upgrading of the iron ore by milling and processing is to give "a high grade of quality before shipping," the "grade of ore is excellent***," and there is "indicated ore *** in excess of 750,000 tons and probable ore in excess of 1,500,000 tons;" (c) the company's intention to mine iron ore and deliver it to a California port for shipment to Japan, in amounts estimated at between 10,000 and 100,000 tons per month; and (d) the \$11 per ton "going rate" for sale of iron ore to Japanese buyers as compared with an estimated \$7.60 per ton cost of delivery to the California port. The order also asserts that the company's offering circular, in referring to a report of its mining consultant, failed to state (i) his conclusion as to "positive or probable ore" reserves, (ii) the nature and extent of his recommended work on the properties and the significance of the outcome thereof on further operations, and (iii) his conclusion as to the nature and extent of basic data as it bears on considerations of production; that, in referring to "a potential based on the U. S. Bureau of Mines drilling of 1,000,000 tons," there was a failure to show that this was not a conclusion shown in the drilling report of the Bureau; and that, in reference to negotiations with buyers of ore, there was a failure to disclose fully the pertinent facts concerning the status of such negotiations. Moreover, according to the order, a note to the company's financial statements states that its engineering report recommends a book value of some \$750,000 for its two properties, whereas the engineering report neither specifies nor recommends any such valuation and the offering circular fails to disclose that there is no factual basis for such valuation.

TRIPOLI SUSPENSION MADE PERMANENT. Tripoli Company, Inc., 1215 Walnut St., Philadelphia, has withdrawn its request for a hearing upon the Commission's order of March 15, 1963, temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of 60,000 common shares at \$5 per share by that company (through Donald L. Greenbaum, doing business as D. L. Greenbaum and Company, of Philadelphia, as underwriter). The company consented to the suspension order being made permanent. However, at the same time it requested that the Commission reconsider the matter and vacate the suspension order. The Commission denied the request to vacate and made the suspension order permanent.

NEVADA CONSOLIDATED MINES HEARING SCHEDULED. Upon the request of Nevada Consolidated Mines, Inc., 200 West 57th St., New York, the Commission has scheduled a hearing for May 13, 1963 in its New York Regional Office, to take evidence on the question whether an order of the Commission dated March 15, 1963, temporarily suspending a Regulation A exemption from registration with respect to a public offering of 94,050 common shares at \$2 per share, should be vacated or made permanent. The Commission's suspension order was based upon a July 1962 court order entered against the company and one of its officers and promoters temporarily enjoining them from violations in connection with the sale of securities within or from the State of New York.

JOSEPH J. WILENSKY INDICTED. The SEC Atlanta Regional Office announced April 18 (LR-2595) the return of an indictment by a grand jury in Miami, Fla., charging Joseph J. Wilensky, president of Joseph J. Wilensky & Company (a Miami broker-dealer whose registration was revoked by the Commission in 1959), with violating the Exchange Act anti-fraud provisions in the appropriation to his own use of securities of a customer held in safekeeping.

COMPLAINT CITES NEVADA INDUSTRIAL GUARANTY, ET AL. The SEC San Francisco Regional Office announced April 18 (LR-2596) the filing of court action (USDC, Las Vegas) seeking to enjoin Nevada Industrial Guaranty Co., Beehive Security Thrift & Loan (a Nevada company), both with offices in Las Vegas, Beehive Security

OVER

Thrift & Loan (a Utah company), with offices in Salt Lake City, and Robert B. McSherry, president and/or board chairman of the three firms, from further violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of common and preferred stock of Nevada Industrial and thrift deposit certificates of both Beehive Security companies. The complaint further seeks appointment of a receiver for Nevada Industrial and Beehive Security (of Nevada).

AILEEN M. CARLSON ENJOINED. The SEC Chicago Regional Office announced April 19 (LR-2597) the entry of a Federal court order (USDC, Detroit) permanently enjoining Aileen M. Carlson from further violations of the anti-fraud provisions of the Federal securities laws in the sale of fractional undivided working interests in oil and gas leases. Carlson consented to entry of the injunction.

COMPLAINT CITES JOE NEWCOMER FINANCE. The SEC Denver Regional Office announced April 19 (LR-2598) the filing of court action (USDC, Colo.) seeking to enjoin Joe Newcomer Finance Company, a Colorado company, Joe W. Newcomer, Ruth L. Piland and Royce Hill, all of Colorado Springs, Colo., from further violations of the anti-fraud provisions of the Federal securities laws and the Securities Act registration requirements in the offer and sale of promissory and subordinated debenture notes. The Commission's motion for a preliminary injunction and appointment of a receiver for the firm is scheduled for hearing on April 26.

THOMAS OIL, ET AL. ENJOINED. The SEC Denver Regional Office announced April 22 (LR-2599) the entry of a Federal court order (USDC, Colo.) permanently enjoining Jack A. Thomas and Geneva D. Thomas, individually, and doing business as the Thomas Oil Company, of Independence, Kansas, and LeRoy A. Duke, of Denver, from further violations of the Securities Act anti-fraud provisions in the offer and sale of fractional undivided oil interests in certain oil and gas leases located in Kansas. The defendants consented to entry of the order.

COMPLAINT CITES FRANK JOHN MOHR. The SEC San Francisco Regional Office announced April 16 (LR-2600) the filing of court action (USDC, SF) seeking to enjoin Frank John Mohr, doing business as Frank J. Mohr Investment Securities, of San Francisco, from further violations of the Exchange Act anti-fraud provisions and requesting appointment of a receiver to conserve the assets of the defendant.

COLUMBIA GAS SYSTEM RECEIVES FURTHER ORDER. The SEC has issued a further order under the Holding Company Act (Release 35-14859) authorizing certain additional intrasystem transactions among The Columbia Gas System, Inc., New York registered holding company, and certain of its subsidiaries. The order authorizes open account advances by Columbia to United Fuel Gas Company, Amere Gas Utilities Company, Columbia Gas of Kentucky, Inc., and Virginia Gas Distribution Corporation in amounts not exceeding \$15,000,000, \$700,000, \$3,500,000, and \$2,500,000, respectively, (to be made in connection with the prepayment of installment notes of these subsidiaries held by Columbia) and the subsequent issuance of installment notes by these four subsidiary companies, in amounts not exceeding the above amounts, and the acquisition thereof by Columbia.

SOUTHERN UNION GAS FILES FINANCING PLAN. Southern Union Gas Company, Fidelity Union Tower, Dallas, filed a registration statement (File 2-21349) with the SEC on April 22 seeking registration of \$5,000,000 of sinking fund debentures due 1983 and 50,000 shares of cumulative preferred stock (\$100 par), to be offered for public sale through underwriters headed by A. C. Allyn & Co., 122 S. LaSalle St., Chicago. The interest rate on the debentures, dividend rate on the preferred stock, public offering price for both issues and underwriting terms are to be supplied by amendment.

The primary business of the company is that of a public utility, rendering natural gas service in Texas, New Mexico, Arizona and Colorado. Of the net proceeds from this financing, \$8,000,000 will be applied to discharge term bank loans incurred in connection with the company's 1962 construction program. The company's 1963 construction program is estimated at \$11,750,000. In addition to various indebtedness and preferred stock, the company has outstanding 3,312,538 shares of common stock, of which management officials as a group own 7.4%. Wofford Cain is board chairman and J. C. Reid is president.

AMERICAN SNUFF CO. FILES THRIFT PLAN. American Snuff Company, 701 North Main St., Memphis, Tenn., filed a registration statement (File 2-21350) with the SEC on April 22 seeking registration of \$2,000,000 of interests in its Employee Thrift Plan, and 63,157 shares of common stock which may be acquired pursuant thereto.

BESTWALL GYPSUM FILES STOCK PLANS. Bestwall Gypsum Company, 120 East Lancaster Ave., Ardmore, Pa., filed a registration statement (File 2-21352) with the SEC on April 23 seeking registration of 61,026 shares of common stock, to be offered pursuant to Restricted Stock Option Agreements and its 1961 Incentive Plan.

SECURITIES ACT REGISTRATIONS. Effective April 23: Wade, Wenger Servicemaster Co. (File 2-20902). Effective April 24: Arkansas Louisiana Gas Co. (File 2-21208); International Publishing Corp. Ltd. (File 2-21318); Kingdom of Norway (File 2-21206); Montana Power Co. (File 2-20557). Withdrawn April 22: Infotronics Corp. (File 2-20836); Pacific Big Wheel (File 2-19202).