

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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



Washington 25, D.C.

FOR RELEASE August 17, 1959

## Statistical Release No. 1623

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended August 14, 1959, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959, is as follows:

	1939 = 100		Percent Change	1959	
	8/7/59	8/14/59		High	Low
Composite	437.5	433.1	-1.0	441.3	400.1
Manufacturing	548.3	541.5	-1.2	554.2	490.7
Durable Goods	520.1	513.5	-1.3	527.7	457.8
Non-Durable Goods	563.6	556.8	-1.2	570.1	510.5
Transportation	352.9	347.0	-1.7	371.5	340.7
Utility	219.3	219.6	+0.1	231.8	208.6
Trade, Finance & Service	424.2	419.9	-1.0	433.0	382.7
Mining	328.6	325.8	-0.9	360.4	315.5

### SEC APPEARANCE NOTED IN FOOD TOWN REORGANIZATION PROCEEDING

The SEC has filed a notice of appearance in the Chapter X proceedings for the reorganization of Food Town, Inc., and its subsidiaries pending in the U. S. District Court in Baltimore. The Debtor, directly and through subsidiaries, operates supermarkets in the District of Columbia and nearby suburban areas of Virginia and Maryland. Its Common and 4% preferred stocks are closely held; and its 8% subordinated preferred stock is held by approximately 400 persons. Judge W. Calvin Chestnut has appointed George J. Lochner of Baltimore as trustee and Fred T. Goodfellow of Washington as additional trustee; and a hearing on the question of their retention is scheduled for September 21, 1959. Irving Grandberg of Baltimore has been named attorney for the trustees. (Corp. Reorg. Release No. 125).

### HEARING SCHEDULED IN CARROLL SECURITIES CASE

The SEC has scheduled a hearing for August 28, 1959, in its Boston Regional Office in the proceedings previously authorized under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Edward J. Carroll, doing business as Carroll Securities Company, 1731 Beacon Street, Boston, should be revoked.

As indicated in Release 34-5990, the proceedings are based upon a May 25, 1959, decree of the United States District Court which permanently enjoined Carroll from engaging in or continuing certain conduct or practices in connection with the purchase and sale of securities. The Commission's complaint in that action alleged violations of its net capital and anti-manipulative rules.

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For further details, call ST. 3-7600, ext. 5526

## ILLOWATA OIL OFFERING PERMANENTLY SUSPENDED

In a further decision announced today (Release 33-4127), the Securities and Exchange Commission permanently suspended a Regulation A exemption from Securities Act registration with respect to a proposed stock offering by Illowata Oil Company, of Denver, because of material deficiencies in its revised offering circular, including particularly the failure to disclose that an expired option on an oil and gas lease, which option constituted its only asset, probably could not be renewed.

In rejecting the company's request that it be given a further opportunity to amend the offering circular and that an earlier temporary suspension order be vacated, the Commission declared that Illowata had "not demonstrated such good faith and other mitigating circumstances" as would justify the relief requested.

Illowata had proposed the public offering of 900,000 common shares at 10¢ per share pursuant to the conditional exemption from registration provided by Regulation A. In its prior decision of December 4, 1958, the Commission had ruled that Illowata's offering circular contained several material deficiencies in that, among other things, it contained misleading statements concerning the prospect of oil recovery from a 200-acre oil and gas lease on which Illowata had obtained an option. The option had been obtained in November 1957 from NYK Oil Company and constituted Illowata's sole asset. However, under the special circumstances presented, the Commission had then agreed to consider a revised offering circular which had been submitted after the hearings; but it observed that "before we will consider such amendments . . . there must be a clear showing of good faith and of other mitigating circumstances in connection with the deficiencies" and that the opportunity to amend cannot be permitted "to impair the required standards of careful and honest filings under the Regulation and encourage a practice of irresponsible or false material followed by correction by amendment of the deficiencies found by the staff in its examination."

Such a showing of good faith, the Commission stated, was not demonstrated by Illowata in connection with its request for a further opportunity to amend the revised offering circular, particularly in view of its failure to make prompt disclosure of the facts relating to the status of the option. According to the revised offering circular, the option had expired on February 10, 1958, about two weeks before the initial Commission hearings and about three months before the submission of that circular. Illowata's president stated that he had received oral assurance in March 1958 that the option "had another sixty days." However, no mention of such renewal is made in the revised offering circular, which merely states that the option "runs for 90 days from November 12, 1957." In June 1958 NYK Oil requested the return of all materials in Illowata's possession relating to the lease since the option had not been exercised and NYK Oil was planning to do some work on the property. However, although NYK Oil again requested return of the materials in Illowata's possession, Illowata thereafter advised the Commission in January 1959 that "obviously the Offering Circular in final form would refer to a valid and subsisting option."

The Commission concluded, however, that it was clear that Illowata knew by June 1958 that it did not have and probably could not obtain an option to purchase the lease. Nevertheless, it was not until April 1959, after the Commission's staff had requested proof of a subsisting option, that disclosure was made that no option existed and none could be obtained. Illowata failed to disclose these facts either in oral argument before the Commission in July 1958 or in its answer to the staff's report on the revised offering circular in January 1959.

(NOTE TO PRESS: Foregoing also available in SEC Denver Regional Office)

## DOOLEY AIRCRAFT PROPOSES STOCK OFFERING

Dooley Aircraft Corporation, 105 West Adams St., Chicago, filed a registration statement (File 2-15459) on August 14, 1959, with the SEC seeking registration of 506,250 shares of common stock. The company proposes to offer 375,000 shares for public sale at \$2 per share. The offering is to be made on a best efforts basis by Mallory Securities, Inc., for which it is to receive a selling commission of 40¢ per share. In addition, Dooley Aircraft has agreed to pay the underwriter for expenses in the amount of 10¢ per share on the 375,000 shares sold for the company. The underwriter also will receive common stock at 1¢ per share at the rate of one share for each four shares sold for the company until a total of 93,750 such shares have been given. These shares will be offered with the shares offered for the company, but only after 100,000 shares have been sold for the company; then the 25,000 shares earned by the underwriter to that point may be sold and thereafter the underwriters may sell one share

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for every four shares sold for the company. The aggregate commission thus payable is \$374,062, or about 99¢ per share. An additional 37,500 shares are issuable at 1¢ per share to three individuals as a finders fee, which may also be sold at \$2 per share after 100,000 shares have been sold by the company.

Dooley Aircraft was organized under Delaware law on May 7, 1959, for the purpose of engaging in the designing and production of aircraft, particularly a single-engine, two-place airplane suitable for the business executive. The company intends to take a known airplane of proven reputation, but out of production, and have it redesigned around a larger engine, which will enable it to attain the desired speed of 200 miles per hour. Upon completion of such redesign, the company intends to have the airplane produced for it for delivery to its distributors and purchasers. It has entered into an agreement with Meyers Aircraft Company whereby it received an option to enter into an agreement for the purchase of all of Meyer's right, title and interest in and to the tooling, patents, etc., of the Model MAC-145 aircraft, which option was exercised on June 27, 1959, the consideration being \$84,000 for the right, title and interest in and to the personal property and assets relating to the said aircraft, of which \$4,000 has been paid. Of the net proceeds of the stock sale, \$80,000 will be used to pay the balance of the purchase price due Meyers; \$50,000 will be paid to Colonial Aircraft Corporation for redesign of the airplane and \$120,000 for the first airplanes produced under its contract; \$10,000 for repayment of loans due Roy E. Dooley, Jr., company president; and \$280,000 for working capital, including advertising.

The company now has outstanding 150,000 common shares, of which 130,000 shares were sold and issued at 10¢ per share in cash or as reimbursement for preincorporation expenses to Dooley, promoter and president; 10,000 at 10¢ per share in cash to David B. Thurston, a former director and president and a director of Colonial Aircraft; and 10,000 at 10¢ per share to Herbert P. Lindblad, an officer and director of Colonial Aircraft.

#### UTAH POWER PROPOSES BANK BORROWINGS

Utah Power & Light Company, Salt Lake City, has applied to the SEC for an order authorizing borrowings aggregating \$25,000,000 from fourteen banks; and the Commission has issued an order (Release 35-14043) giving interested persons until August 31, 1959, to request a hearing thereon. Net proceeds of the borrowings together with available cash will be used to pay outstanding short-term notes, to carry on, but not complete, the construction program of the company and its subsidiaries through 1959 and 1960 which is estimated to aggregate \$31,600,000.

#### COLUMBIAN FINANCIAL DEVELOPMENT PROPOSES OFFERING

Columbian Financial Development Co., Inc., 15 East 40th St., New York, filed a registration statement (File 2-15460) with the SEC on August 14, 1959, seeking registration of Plans for Investment in Shares in American Industry, Inc., in the amount of \$500,000 of Single Payment Investment Plans and \$500,000 of Systematic Investment Plans and Systematic Investment Plans with Insurance.

#### BELCO PETROLEUM FILES FINANCING PROPOSAL

Belco Petroleum Corporation, 630 Third Ave., New York, filed a registration statement (File 2-15461) with the SEC on August 14, 1959, seeking registration of \$7,200,000 of 5.83% Convertible Subordinated Debentures due 1974, and 400,000 shares of its \$1 par common stock. These securities are to be offered for public sale in units, each consisting of \$36 principal amount of debentures and two shares of common stock (which will not be separately transferable until March 1, 1960). The public offering price and underwriting terms are to be supplied by amendment. White, Weld & Co. and Goldman, Sachs & Co. are listed as the principal underwriters.

The company was organized under Delaware law on July 23, 1959, and proposes to acquire, in exchange for 4,995,500 shares of its common stock (a) all the issued and outstanding capital stock of a predecessor corporation of the same name organized in 1953, which predecessor will be dissolved and the present company will succeed to all of its assets and assume all of its liabilities; (b) all the assets, subject to its liabilities, of Belfer Natural Gas Company, a general partnership formed in 1955, and (c) a 25% working interest subject to a certain liability, acquired in 1955 by David C. Bintliff in certain properties in which the predecessor corporation owed the balance of the working interest. The company is engaged and intends to engage in the acquisition, exploration, development X

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and operation of oil and gas properties; and it now produces natural gas, crude oil and liquid hydrocarbons. The company, through two subsidiaries, owns concessions in the Republic of Guatemala and the Republic of Peru and has a limited amount of production from one of its concession in the latter country.

Net proceeds of this financing will be available for corporate purposes, including repayment of all existing debt of the company to banks. Of the 4,995,500 outstanding shares of common common stock, 4,500,000 shares will be received by the stockholders of the predecessor and the partners of Belfer Natural Gas. The partners of the latter, including Arthur B. Belfer, president, Lawrence Ruben, executive vice president, and Jack Saltz, secretary, owned 96.3% of the outstanding stock of the predecessor. Bintliff will receive 495,500 shares. Arthur B. Belfer and Rachel Belfer each owns 1,108,495 shares (22.19%), and Robert A. Belfer 739,386 shares (14.80%). Arthur and Rachel Belfer have agreed to sell, at 50¢ per share, to the principal underwriters warrants to purchase from them a total of 100,000 common shares, by payment of an additional \$13 to \$15 per share during specified periods ending September 1964.

#### FEDERAL BAR BLDG. INVESTMENT TRUST FILES FOR OFFERING

The Investment Trust for the Federal Bar Building, Washington, D. C., filed a registration statement (File 2-15462) on August 14, 1959, seeking registration of 500 Beneficial Trust Certificate in The Trust.

The Trust is the assignee of the title and interest of Richard H. Swesnick and Herbert Blum to a contract dated July 29, 1959, with Federal Bar Building Corporation, which has agreed to acquire a land site located at 1809-15 H St., N. W., Washington, D. C., and to construct a modern office building thereon which will house the general headquarters of the Federal Bar Association and its library, as well as offices for rent to members of the Federal Bar Association and others desiring to lease office space in the building. After completion of the construction of such office building, Federal Bar Building Corporation will convey the land and office building to the Trust for a total purchase price of \$3,150,000. The office building is to have about 100,000 square feet of floor space; and it is contemplated that construction will start shortly after January 1, 1960, to be completed in about fifteen months.

Of the purchase price, \$1,150,000 is to be paid by the Trust in cash; and the balance is to be financed by a \$2,000,000 trust note secured by a first deed of trust on the land and office building. The purpose of the offering of Trust certificates, at \$2600 each, is to acquire funds to be advanced to Federal Bar Building Corporation, which funds will constitute the cash payment for the land and office building when construction is completed. Upon conveyance of the land and office building to the Trust, it is to be leased back to Federal Bar Building Corporation.

The current president of the Federal Bar Association is Earl W. Kintner, Chairman of the Federal Trust Commission, who is also president of Federal Bar Building Corporation. Trustees of the Investment Trust are Herbert Blum, Samuel J. Gortitz, and Dana Hodgdon.

The Investment Trust has entered into agreements with Hodgdon & Co., Swesnick & Blum Securities Corporation, and Investor Service, Inc., pursuant to which such companies will act as underwriters for the sale to the public of the certificates. The underwriters will receive commission in the amount of 10% of the selling price.

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