

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington, D.C. 20549

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

(Issue No. 66-119)

FOR RELEASE June 23, 1966

INSTITUTIONAL STOCK TRADING REPORTED. The SEC announces (for June 24 newspapers) that the pace of institutional trading in common stocks reached its highest point last year and continued into the first quarter of 1966. Information collected for four principal financial institutions--private pension plans, mutual funds, life insurance companies and property and casualty insurance firms--indicates that gross purchases for the group aggregated almost \$4.8 billion in the first three months of this year. This was 18 percent above the quarter of last year. Sales also were higher, increasing to \$3.5 billion, or 56 percent above the similar period of 1965. (For additional details, see Statistical Release No. 2134.)

SEC ENTERS PARKWOOD PROCEEDING. The SEC has filed notice of appearance in Chapter X proceeding for the reorganization of Parkwood, Incorporated (USDC, DC). In an earlier injunctive action filed by the Commission against the debtor and others, a receiver was appointed; the Chapter X proceeding supersedes the receivership. Judge Oliver Gasch appointed American Security and Trust Company of Washington as trustee in the Chapter X proceedings. According to unaudited summaries contained in the Chapter X petition, the debtor had total assets at March 2, 1966, of \$23,109,000, consisting chiefly of real estate listed at \$17,491,000 and notes receivable and other investments of \$3,336,000. Liabilities were estimated at \$37,597,000, including indebtedness secured by first and second mortgages on real property totaling \$19,485,000 and other secured indebtedness of \$2,062,000 (Corporate Reorganization Release No. 245).

UNITED UTILITIES FILES FOR SECONDARY. United Utilities, Incorporated, Box 11315, Kansas City, Mo. 64112, filed a registration statement (File 2-25163) with the SEC on June 21 seeking registration of 260,197 outstanding shares of common stock. The present holder thereof, The Ohio Bell Telephone Co., proposes to offer the stock for public sale at competitive bidding. The shares were acquired as a result of a merger in January 1966 of The Mansfield Telephone Co., of which Ohio Bell was a stockholder, into the company. Upon completion of the proposed sale, Ohio Bell will not own any shares of the company.

The company is a holding company and owns all of the stock of 17 telephone operating companies and other utility companies. In addition to indebtedness, it has outstanding 14,937,159 common shares, of which management officials own 2.9%. C. A. Scupin is board chairman and P. H. Henson is president.

PENNZOIL RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15513) authorizing certain transactions incident to changing the corporate domicile of Elk Refining Co., nonutility subsidiary of Pennzoil Co., from Pennsylvania to West Virginia.

PENNZOIL ORDER. The SEC has also issued an order under the Holding Company Act (Release 35-15514) authorizing Pennzoil Co., registered holding company, Houston, Tex., to renew and extend \$214,975,000 of its outstanding promissory bank notes. The notes were sold on December 20, 1965, immediately prior to the company's registration as a holding company.

JERSEY CENTRAL P&L SEEKS ORDER. Jersey Central Power & Light Co., Morristown, N. J., electric-utility subsidiary of General Public Utilities Corp., has applied to the SEC for an order under the Holding Company Act authorizing it to sell \$30,000,000 of first mortgage bonds, due 1996, at competitive bidding; and the Commission has issued an order (Release 35-15515) giving interested persons until July 19 to request a hearing thereon. As reported in the SEC News Digest of June 14, the company will use the net proceeds of its bond sale in connection with its construction program, estimated to cost \$73,600,000 in 1966.

NATIONAL AVIATION SEEKS ORDER. National Aviation Corporation, New York closed-end, non-diversified management investment company, has applied to the SEC for an exemption order under the Investment Company Act authorizing it to purchase \$2,000,000 of convertible subordinated debentures (due 1991) of Douglas Aircraft Co., Inc., during the existence of an underwriting agreement with respect to the public offering of the debentures. The Commission has issued an order (Release IC-4631) giving interested persons until July 5 to request a hearing thereon. Douglas Aircraft proposes to offer \$75,000,000 of its debentures as soon as the Securities Act registration statement covering the offering becomes effective. The offering is to be made through underwriters headed by Hornblower & Weeks-Hemphill Noyes, of which Howard E. Buhse, a director of National Aviation, is a partner.

DORACHEL FUND SEEKS ORDER. The Dorachel Fund, Inc., White Plains, N. Y., has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company as defined in the Act; and Commission has issued an order (Release IC-4632) giving interested persons until July 15 to request a hearing thereon. The application states that the fund has never made a public offering of its stock or engaged in the business for which it was formed.

OVER

MAGUIRE-MOKAN EXCHANGE PROPOSED. The Estate of William G. Maguire, of New York City, which owns 38,170 shares (14%) of the common stock and 104,637 shares (41%) of the Class B stock of Missouri-Kansas Pipe Line Co. (Mokan), has applied to the SEC for an exemption order under the Investment Company Act with respect to the acceptance by the Estate of a Mokan exchange offer; and the Commission has issued an order (Release IC-4633) giving interested persons until July 7 to request a hearing thereon.

According to the application, since 1949 Mokan (a registered non-diversified closed-end management investment company) has offered to repurchase its own common stock and Class B stock in exchange for its holdings of stock of Panhandle Eastern Pipe Line Co. (Panhandle) and Hugoton Production Co. (Hugoton). The present exchange offer consists of 9 shares of Mokan common stock or 180 shares of Mokan Class B stock for 34.85 shares of Panhandle common stock and 4-1/2 shares of Hugoton common stock. The Estate proposes to accept the exchange offer and sell all of its Mokan common and Class B stock to Mokan in exchange for shares of Panhandle and Hugoton.

INTERNATIONAL HYDROCARBONS SUSPENDED. The SEC today announced the issuance of a decision under the Securities Act (Release 33-4835) making permanent its temporary suspension of a Regulation A exemption from Securities Act registration with respect to a proposed public offering of stock by International Hydrocarbons Ltd., of Calgary, Alberta, Canada. After a hearing, the company submitted a stipulation in which it consented to the permanent suspension based (among other things) on the allegations in the temporary suspension order. Based upon those allegations and the evidence relating thereto, the Commission ruled that the company's offering circular contained "materially misleading statements" and that the sale of its stock by means thereof would violate anti-fraud provisions of the Securities Act. The misleading statements related to the issuance of stock to promoters; failure to disclose that the proceeds of the offering might not be sufficient to drill all the wells for which the company was committed when certain leasehold interests were transferred to it; failure to disclose the need for and source of funds which would be required for development in the event the drilling of any of the wells proved successful; and failure to make proper disclosure concerning royalty payments, including the failure to disclose that the 7 1/2% gross override royalty retained by the geological engineer who prepared the reports attached to the offering circular was extremely high and burdensome to investors, and that the total royalties, ranging from 7 1/2% (plus the "usual Crown royalty," the amount of which was not specified) to 25% to 35%, would create an unusual burden on any production obtained. Moreover, the offering circular stated that on certain acreage a natural gas well was drilled which tested at 2 1/2 million cubic feet per day, without disclosing that the well made 120 barrels of water per day and that such a large amount of water was an adverse factor because it tended to drown out the gas and might have been a factor in influencing the major oil company which had drilled the well to abandon it.

SONIC OIL RECOVERY OFFERING SUSPENDED. In an order under the Securities Act announced today (Release 33-4836), the SEC made permanent its March 3 order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a proposed public offering of common stock by Sonic Oil Recovery Co., Inc., Dallas, Tex. In its suspension order, the Commission had asserted among other things that the company's offering circular failed to contain adequate disclosures with respect to the issuer's patent rights, its process for augmenting production from oil wells, the speculative nature of its proposed business, the existence of option agreements covering 38,000 shares of its stock, the cost of its assets, and the cash received and disbursed by it. The company requested a hearing but thereafter agreed that the suspension order may be made permanent, provided that neither the entry of the order nor the allegations therein contained shall constitute findings or admission of facts.

SECURITIES ACT REGISTRATIONS. Effective June 21: Consolidated Leasing Corp. of America, 2-24648; Instrument Systems Corp., 2-24716 (40 days); Kroehler Mfg. Co., 2-25013. **Effective June 22:** Belden & Blake and Co. Limited Partnership No. 15, 2-25139; Gulf Oil Corp., 2-25097 (40 days); IFC Collateral Corp., 2-24663 (40 days); John's Bargain Stores Corp., 2-25040; Lawry's Foods, Inc., 2-25001 (90 days); MacDermid, Inc., 2-25043 (Sept 21); Riker Video Industries, Inc., 2-24495 (90 days); Ryder System, Inc., 2-25017; Smith Industries International, Inc., 2-24974 (40 days).

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

---ooo0ooo---