

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

FOR RELEASE August 21, 1956

## Securities Act Release No. 3678

The SEC today announced the issuance of a decision suspending a registration statement filed by Uranium Properties, Ltd., Virginia City, Nevada, which had proposed the public offering of \$600,000 of securities. The Commission held that registrant's plans for conducting its proposed business and the raising and use of public funds in connection therewith were vague and the disclosure with respect thereto inadequate and misleading in a great many respects.

Registrant is a joint venture, consisting of Hubert W. Sharpe and Reyburn F. Crocker, as joint venturers, under the name Uranium Properties, Ltd.

Only the "most rudimentary plans" for conducting the business were disclosed, the Commission stated, namely, that the two joint venturers planned to purchase an airplane, a scintillation counter or other instrument capable of detecting radioactive elements, and other equipment, and to engage in aerial exploration for uranium and other metals. Although Sharpe and Crocker had flying experience, neither had any experience in exploring for uranium by aircraft or otherwise, and neither was a geologist or mining engineer. No study had been made of possible areas to be explored, and no area had been selected for exploration other than the State of Utah generally. The record showed that aerial exploration for uranium is more likely to be successful if a geologist participates therein; but registrant intended not to use a geologist in this connection. None of these facts was disclosed.

Nor did the statement specify how the funds received from investors for exploration purposes were to be applied, according to the Commission's decision, what would happen to investors' funds if the required amount was not obtained, or how the balance of any additional funds obtained for exploration might be used after the initial expenditure of \$50,000 for an airplane and other equipment and for working capital.

The Commission also found a number of serious deficiencies in the registration statement relating to the attempted tie-in between the sales of "these extremely speculative interests in an exploration project" with sales of United States Savings Bonds. "There was no relationship whatever," the Commission stated, "between the investment in Series E Bonds and investment in this enterprise. The attempt to tie the two together was purely a sales device which

was highly misleading. It was represented that an investor could immediately obtain his Series E Bonds, which was payable after 10 years in an amount equal to the investor's full payment to registrant, and it was falsely represented that the consideration for the use for 10 years of 25% of the sum advanced by the investor would be the possible participation in uranium deposits and other valuable minerals. The implication thus presented was that an investor could not lose because ten years later he would have at least the same amount as he invested. However, the purchase of the bonds could, of course, in no way protect the investor insofar as the one-fourth of his investment relating to the exploration venture was concerned, and any increase in the value of the bonds would be merely in the nature of interest on the three-fourths invested in the bonds and represented taxable income rather than return of capital."

In addition, the Commission found the registration statement deficient with respect to the description of the rights and interests, if any, which the investors would obtain upon payment of their funds and receipt of an agreement from registrant, and for failure to disclose the competitive conditions that might affect registrant's program in view of the fact that the Atomic Energy Commission, the United States Geological Survey and several private organizations are engaged in aerial exploration for uranium.

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The Star Plywood Cooperative, Estacada, Oregon, filed a registration statement (File 2-12717) with the SEC seeking registration of 323 memberships in the cooperative, to be offered for sale at \$6,500 per membership.

The Cooperative was organized under Oregon law on March 18, 1955. Previously, it filed a Regulation A notification with respect to the sale of the first 46 memberships for an aggregate amount of \$299,000. Total memberships intended to be sold are 323 at \$6,500. Proceeds are to be deposited in escrow until all memberships are sold, or until the escrow has been terminated 12 months from the date of beginning of sale of memberships. Upon the sale of all memberships the money will be released by the escrow agent for the purpose of paying for construction and operation of a plywood plant. The estimated cost of the plant is \$1,347,565. Complete construction of the mill will take approximately 7 months.

Those who become members of the association will be its employees, each of whom, as a condition to membership, must purchase one membership in the association. Members will be employed, at the start of the plant's operations and thereafter, on a seniority basis provided they are qualified to fill the positions then available. Proceeds of sale will be used to purchase a mill, the price of which has been estimated at \$1,347,565. This would then leave approximately \$529,522.50 for operational needs of the cooperative after the cost of mill site, mill construction and sales expenses have been deducted. Sales of memberships are to be made by Star Sales, Inc., for which it will receive a 10% commission. Star Sales also has been retained as a broker for its products for a period of 10 years from the date of first production, for which it will receive a 5% commission. The cooperative's president is H. N. Millard, of Estacada.

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The Investment Company of America (Los Angeles) filed an amendment on August 20, 1956, to its registration statement (File 2-10811) seeking registration of an additional 2,000,000 shares of its common stock.

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Ulrich Manufacturing Co., Roanoke, Ill., filed a registration statement (File 2-12718) with the SEC on August 20, 1956, seeking registration of 50,000 shares of its \$1 par Common Stock, to be offered for public sale at \$6.50 per share. White & Company is named as the underwriter and will receive a commission of \$0.8125 per share.

The company is principally engaged in the manufacture of earthmoving equipment, finished parts for Caterpillar Tractor Co., hydraulic products, and a recently added line of industrial sanitary pumps. Net proceeds of the financing are to be applied to provide additional working capital, and to reduce bank borrowings incurred for current purposes.

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Investment Company Act Release No. 2399

Railway and Utilities Investing Corporation, Dover, Del. investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to certain transactions between affiliates incident to a proposed dissolution and complete liquidation of Investing Corporation; and the Commission has issued an order giving interested persons until September 4, 1956, to request a hearing thereon.

Investing Corporation has outstanding as of June 30, 1956, 18,443 shares of Convertible Preferred Stock \$3.50 Series, 5,138 shares of Convertible Preferred Stock \$3 Series, 145,939 shares of Class A Common Stock and 10,000 shares of Class B Common Stock. The preferred stock is entitled in liquidation to \$50 per share, plus accrued and unpaid dividends which, as of June 30, 1956, were \$39.585 per share on the \$3.50 Series and \$33.93 on the \$3 Series. The two classes of common stock rank equally as to assets and dividends. The assets of the company consist primarily of common stocks of railroad and public utility companies.

Under the plan for dissolution and liquidation, the preferred stockholders will be paid the liquidating value of their shares in cash or, at their option, in market value of portfolio securities and cash. The portfolio securities and cash not required to satisfy the prior claims of the preferred stockholders will be divided among the common stockholders on a pro rata basis. The portfolio securities to which the common stockholders who do not duly elect to receive such securities are entitled, will be sold for their account and the net proceeds distributed to them.

Since certain of the officers, directors and holders of 5% or more of the voting securities of Investing Corporation own shares to be exchanged for

portfolio securities, such exchange of securities is prohibited by the Act unless the requested exemption order is granted by the Commission. The company asserts that the proposed dissolution and complete liquidation is the most desirable course of action and the one in the best interests of the company and its stockholders.

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The Hawaiian Electric Company, Limited (Honolulu), filed a registration statement (File 2-12719) with the SEC on August 20, 1956, seeking registration of 250,000 shares of Series F (Cumulative) Preferred Stock, \$20 par. The company proposes to offer these shares for public sale through an underwriting group headed by Dillon, Reed & Co., Inc., and Dean Witter & Co. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the financing will become part of the general funds of the company and will be applied towards the cost of the company's construction program. Following sale of the stock, the company proposes to retire short term bank loans of \$3,000,000 obtained for temporary financing of the construction program. The company's plant expansion program is estimated at \$41,047,000 for the period 1956-1960, of which \$7,198,637 of expenditures are slated for 1956.

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Bangor Hydro-Electric Company (Bangor, Maine) today filed a registration statement (File 2-12720) with the SEC seeking registration of 52,796 shares of its \$15 par Common Stock. The company proposes to offer these shares for subscription by common stockholders of record September 11, 1956, at the rate of one new share for each six shares then held. The subscription price and fees to participating dealers are to be supplied by amendment. Smith, Barney & Co. is listed as the manager of the participating dealers group.

Net proceeds of the financing will be applied in part to retire short term bank borrowings of \$500,000 incurred during August 1956 to finance capital expenditures, while the balance will be added to the company's general funds to be available for general corporate purposes. The company's current construction program calls for capital expenditures of approximately \$3,000,000 in each of the years 1956 and 1957, of which \$1,700,000 had been expended as of July 31, 1956.

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