

# 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 29, 1958

## MISSILE OIL HEARING CANCELLED; SUSPENSION BECOMES PERMANENT

The Securities and Exchange Commission announced today that, following withdrawal by Missile Oil Corporation, Los Angeles, of its request for a hearing, the Commission has cancelled the September 4, 1958, hearing in its San Francisco Regional Office upon the question whether to vacate, or make permanent, an earlier order of the Commission temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering by Missile Oil of 300,000 shares of common stock at \$1 per share.

In its suspension order (Release No. 3947), the Commission asserted among other things that the company's offering circular contained false and misleading representations of material facts. Pursuant to the provisions of Rule 261(b) of Regulation A, the suspension of the exemption from registration now becomes permanent.

## MASTEX OIL OFFERING SUSPENDED

The Commission also has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act with respect to a stock offering by Mastex Oil Corp., of Holyoke, Mass. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

In its Regulation A notification, filed March 1, 1957, Mastex Oil proposed the public offering of 9,500 shares of its common capital stock at \$15 per share. According to the Commission's suspension order, by virtue of a specific provision of Regulation A the exemption from registration is not available for such offering for the reason that John J. Broderick, president, director and promoter of Mastex Oil, was permanently enjoined on June 24, 1958, by the Supreme Court, New York County, N. Y., from engaging in securities transactions within the State of New York.

## LAUGHLIN ALLOY STEEL FILES FINANCING PROPOSAL

Laughlin Alloy Steel Company, Inc., Las Vegas, Nevada, and South San Francisco, California, filed a registration statement (File 2-14329) with the SEC on August 28, 1958, seeking registration of \$500,000 of 6% Subordinated Callable Debentures due June 30, 1968, and 180,000 shares of 10¢ par Common Stock. The company proposes to offer the debentures and 150,000 common shares for public sale in units, each unit to consist of a \$100 debenture and 30 common shares. The units will be offered for sale at \$100 per unit. The offering is to be made on a best efforts basis by Sam Watson Company, Inc., of Little Rock, Ark., for which it will receive a selling commission of 15% plus \$2000 for expenses, together with a bonus of 30,000 common shares (pro rata as the units may be sold).

The company was organized in October 1957 "primarily to set up a custom foundry and to engage in the production of a variety of iron, carbon steel, alloy steel and stainless steel cast products for sale principally in the West Coast area." It has a contract to purchase the South San Francisco foundry plant from the American Brake Shoe Company, together with all equipment, supplies and

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and inventory, for \$255,000 -- \$80,000 in cash (for which notes have been given) plus a \$175,000 first mortgage. Net proceeds of this financing, together with the \$175,000 mortgage loan of the American Brake Shoe Company, will be used in acquiring the South San Francisco plant and augmenting its present facilities by the addition of an electric melting furnace and other equipment to expand and diversify plant output, for interim and starting-up expenses, and sales promotion, as well as working capital and general corporate purposes. The proposed plant expansion will include the installation of an electric melting and refining furnace and auxiliary equipment acquired in exchange for stock.

The promoters of the company include James N. Laughlin, of Blairsden, California, who owns all of the 300,000 outstanding shares issued by the company in exchange for the electric furnace.

#### ISRAEL-NEGEV PETROLEUM PROPOSES STOCK OFFERING

Israel-Negev Petroleum Corporation, Dover, Del., today filed a registration statement (File 2-14330) with the SEC seeking registration of 750,000 shares of its 20¢ par Capital Stock. The stock is to be offered for public sale at \$1 per share; but the company may grant to purchasers of 100,000 or more shares a discount of 37½% from the offering price. The offering is to be made by H. Kook & Co., Inc., of New York, who will be entitled to receive a commission of 20% of the price received by the company. The underwriter has a firm commitment to sell sufficient shares to net the company the sum of \$125,000; and the balance of the shares will be offered on a best efforts basis. Peter H. Bergson-Kook, board chairman, is the principal stockholder of the underwriter.

Israel-Negev was organized under Delaware law in November, 1957, "to engage primarily in the business of exploring for, acquiring interests in, developing and operating oil and gas properties" in Israel. The company's executive offices in Israel are in Tel-Aviv. It now owns the outstanding stock of Universal Petroleum Corporation, a Delaware corporation, which is said to hold title to four petroleum licenses covering some 350,000 acres in the Negev and Galil areas of Israel, which were originally granted by the Petroleum Commissioner of Israel to Gershon Gurvitz and Abraham Friedman, of Tel-Aviv, in January 1958 and assigned to Universal in April. Gurvitz is president and a director and Friedman is vice president, assistant treasurer and a director of Israel-Negev. For these properties, Universal issued 700,000 shares of stock, 265,000 to Gurvitz, 135,000 to Friedman, and 300,000 to Bergson-Kook. The three individuals are said to have spent more than two years of effort in investigating, negotiating for and obtaining the licenses, in the course of which they incurred expenditures of \$40,000. Israel-Negev acquired the 700,000 shares of Universal stock in exchange for a like amount of its stock. In addition, it issued 100,000 shares to H. Kook & Co., Inc., in consideration for expenditures of \$20,609 made on behalf of Israel-Negev.

In addition to the four petroleum licenses, Universal has acquired the right to earn a 25% interest in the Hulda license in the coastal plain of Israel Petroleum District II, covering some 98,592 acres, in consideration of the payment of \$100,000 towards the cost of drilling a test well now being drilled thereon. The license is jointly owned by Israel-Mediterranean Petroleum, Inc., and Pan-Israel Oil Company, Inc. The company also intends to conduct geological work in the areas of the four petroleum licenses.

Of the net proceeds of this financing, a portion will be used for the payment of Universal's share of the cost of drilling the test well on the Hulda license, for geological mapping, surveys and other exploratory activities, and for acquisition and exploration of petroleum interests in other properties.

#### CONSUMERS POWER FILES FOR BOND AND PREFERRED STOCK OFFERINGS

Consumers Power Company, Jackson, Michigan, today filed a registration statement (File 2-14331) with the SEC seeking registration of \$35,000,000 of First Mortgage Bonds, Series due 1988, to be offered for public sale at competitive bidding. In another registration statement (File 2-14332)

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Consumers Power seeks registration of 150,000 shares of Preferred Stock, to be offered for public sale through an underwriting group headed by Morgan Stanley & Co. The dividend rate, public offering price and underwriting terms of the preferred stock offering are to be supplied by amendment.

Net proceeds of these offerings will be used to repay short-term bank loans, to finance in part the company's construction program, and to reimburse the company's treasury for expenditures made for such purposes. Property additions during 1958 and 1959 are estimated at \$209,200,000.

#### FRONTIER REFINING FILES FOR OFFERING

The Frontier Refining Company, of Denver, Colo., today filed a registration statement (File 2-14333) with the SEC seeking registration of \$2,000,000 of Serial Debentures, Series of 1958, to be offered for public sale at \$1,000 per unit through an underwriting group headed by Peters, Writer & Christensen, Inc., and Garrett-Bromfield & Co., both of Denver. The underwriting commission is to be \$55 per unit.

Net proceeds will be used primarily for the purpose of replenishing and augmenting working capital. During the fiscal year ended May 31, 1958, the company's working capital was depleted by approximately \$930,000, principally due to expenditures of about \$1,100,000 for improvements to the company's refinery at Cheyenne Wyoming, which substantially increased its capacity, and capital expenditures of approximately \$1,200,000 made by the production department, these developments having been financed in part from other sources.

#### MILWAUKEE GAS BANK BORROWINGS CLEARED

The SEC today announced the issuance of a decision authorizing Milwaukee Gas Light Company, Milwaukee, Wisc., to issue up to \$15,000,000 of unsecured notes to banks.

Milwaukee Gas proposes to use \$3,300,000 of the borrowed funds to retire a like amount of outstanding bank notes and to apply the remainder to its construction program in 1958 and the first part of 1959. It is contemplated that the new bank notes will be paid in 1959 with the proceeds of permanent financing which would also provide additional funds for construction. The permanent financing would consist of the public offering of \$13,000,000 of bonds and the sale of an additional \$7,000,000 of common stock to American Natural Gas Company, parent. The company estimates it will require for its construction program \$9,116,200 in 1958 and \$11,375,000 in 1959. The permanent financing will be subject to the Commission's approval.

In approving the bank borrowings, the Commission called attention to its concern as to the ratio of total debt of the American Natural system to system capitalization which will arise in 1959 upon the issuance by Milwaukee Gas and other system companies of short term debt as proposed, and stated that American Natural should plan to sell additional common stock as early in 1959 as practicable to improve this debt ratio.

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