

# 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 October 30, 1957

## OIL & GAS VENTURES FILES FINANCING PROPOSALS

Oil & Gas Ventures - First 1958 Fund, Ltd., and Oil & Gas Ventures - Second 1958 Fund, Ltd., Madison, N. J., filed registration statements (Files 2-13719 and 2-19720) with the SEC on October 29, 1957, seeking registration, respectively, of \$2,500,000 of Participations in Capital as Limited Partnership Interests. Each of the respective interests is to be offered in \$25,000 minimum amounts. The offering is to be made by Mineral Projects Company, Ltd., of Madison, as promoter and underwriter, on a "best efforts" basis, who will receive a selling commission of 3%, plus expenses.

The First and Second 1958 Funds are Limited Partnerships, with Oil & Gas Ventures, Inc., a Delaware corporation, as General Partner, and Mineral Projects as a Limited Partner, and with a right to admit additional Limited Partners. Subscribers will become limited partners. The principal business will be the conduct of a program or programs directed at discovery, development and exploitation of commercial deposits of oil and gas, although the partnership agreement grants powers to engage in the oil business generally. Proceeds of the sale of the partnership interests will be employed as capital funds of the partnership; and such funds are intended for use in the search for, acquisition, exploration, operation, development, exploitation and disposition of oil properties. It is intended that the net proceeds will be largely employed in acquiring leaseholds and drilling of initial or exploratory wells. All of the responsibilities and functions of management will be in its General Partner, Oil & Gas Ventures, Inc. The latter was organized on September 24, 1957, and has not engaged in any business activity. Clinton Davidson of Madison is Board Chairman and Robert S. Carter of New York is president. The management proposes to acquire for the partnerships "working interests" or "operating rights" with respect to the minerals under lands wherever it believes such can be acquired, developed and operated at a profit.

## VIRGINIA ELECTRIC AND POWER FILES FOR BOND OFFERING

Virginia Electric and Power Company, Richmond, Va., filed a registration statement (File 2-13721) with the SEC on October 29, 1957, seeking registration of \$20,000,000 of First and Refunding Mortgage Bonds, Series N, due December 1, 1987, to be offered for public sale at competitive bidding. Net proceeds will be used to provide for construction expenditures and to reimburse the treasury therefor. Construction expenditures for 1957 are estimated at \$70,000,000 (\$45,700,000 expended through September 30). The present expectation is for expenditures in 1958 of \$65,000,000 and in that event financing in 1958 may aggregate \$30,000,000.

## ACQUISITION OF TWO LAKE SHORE COMPANIES BY CONSOLIDATED APPROVED

The SEC has issued an order (Holding Company Act Release No. 13577) permitting  
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(OVER)

the acquisition by Consolidated Natural Gas Company, New York, of The Lake Shore Gas Company, a non-affiliated gas-utility company, and Lake Shore Pipe Line Company, a non-affiliated natural gas pipeline company, both of Ashtabula, Ohio.

The consideration for the net assets of Lake Shore Gas is \$4,927,300, consisting of 63,598 shares of Consolidated's stock plus the assumption of debt securities in the amount of \$2,129,000. These properties are then to be transferred to East Ohio Gas Company, a Cleveland subsidiary of Consolidated, in exchange for 55,966 shares of its common stock.

Consolidated will acquire the outstanding common stock of Lake Shore Pipe Line, and in exchange therefor will issue 23,032 shares of its common stock.

Upon consummation of the proposed acquisitions, the facilities of Lake Shore Gas will be integrated with those of East Ohio; and the facilities of Lake Shore Pipe Line will be used, as heretofore, to supply gas to East Ohio and its other customers. Lake Shore Gas will distribute the 63,598 shares of Consolidated common to its stockholders and dissolve.

#### FRANKLIN ATLAS CORP. STOCK OFFERING SUSPENDED

The Securities and Exchange Commission has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of securities by Franklin Atlas Corporation, New York City. 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 under the Securities Act with respect to public offerings of securities not exceeding \$300,000 in amount. In its Regulation A notification, filed July 6, 1955, Franklin Atlas proposed the public offering of \$150,000 of debentures, at par, 149,000 shares of Class A common at \$1 per share, and 53,800 shares of Class B common at 1¢ per share, for an aggregate of \$299,538. The Commission asserts in its order that the offering of the Franklin Atlas securities "would and did operate as a fraud and deceit upon purchasers" because of false and misleading representations of material facts contained in the company's offering circular, and that a report of stock sales filed by the company is false and misleading with respect to the amount of cash on hand on March 31, 1956, and the amount of securities sold. Furthermore, according to the order, the issuer (Franklin Atlas) and others were enjoined on September 4, 1957, by the United States District Court for the Southern District of New York from violating certain provisions of the Securities Act in the sale of the issuer's securities.

The false and misleading information charged in the Commission's order pertained to the following:

1. Statements made as to use of the proceeds from the sale of the securities being offered;
2. Failure to disclose application of a substantial part of the proceeds to the personal use of a controlling person;
3. Statements made that acquisitions of certain properties in exchange for securities of the issuer were the result of arms-length dealings;

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4. Failure to disclose John L. de Lyra, as a promoter of the issuer;
5. Failure to disclose John L. de Lyra as a person directly or indirectly controlling the issuer;
6. Failure to disclose the material interests of John L. de Lyra in connection with assets proposed to be and acquired by the issuer;
7. Failure to disclose underwriters and the terms of the agreements made with underwriters;
8. Statements made that the securities being offered would be offered through the issuer's officers, directors and employees without use of any underwriter or broker. (See Securities Act Release No. 3857.)

#### CALIFORNIA WATER & TELEPHONE PROPOSES COMMON STOCK OFFERING

California Water & Telephone Company, San Francisco, today filed a registration statement (File 2-13722) with the SEC seeking registration of 250,000 shares of its \$12.50 par Common Stock, to be offered for public sale through an underwriting group headed by Blyth & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of this financing will be used to defray part of the cost of extensions, additions and improvements to the company's properties during 1957 and to repay bank loans of \$3,000,000 incurred or to be incurred in pursuance to such construction. Construction expenditures in 1957 are estimated at \$13,980,000.

#### INVESTMENT COMPANY REGISTRATION FORMS AMENDED

The SEC today announced the adoption of amendments to its Form N-8B-1, prescribed for registration statements filed under the Investment Company Act of 1940 by all management companies except those which issue periodic payment plan certificates. Related revisions were made in Forms S-4 and S-5, prescribed for use by closed-end management investment companies and open-end management investment companies, respectively, in the registration of their securities for public sale under the Securities Act of 1933.

Form N-8B-1 as previously in effect required a ten-year table of per-share capital and income changes. The amended item requires a table which in effect shows on a per-share basis a ten-year comparative summary of earnings and capital changes together with certain ratios. It is the purpose of the new requirement to provide for investors a more informative presentation of the financial operations of the registrant than was provided by the previous item.

The amendments to Forms S-4 and S-5 adapt the requirements of those forms to the amended Form N-8B-1. The new ten-year table required by Form N-8B-1 is required to be set forth in the forepart of the prospectus and must not be preceded by any chart or table, other than the table showing the offering price and underwriting spread which Form S-4 requires to be set forth on the first page of the prospectus.