

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

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Washington 25, D.C.

FOR RELEASE February 6, 1959

SEC SUSPENDS MON-O-CO OIL OFFERING PROPOSALS

In a decision announced today (Release 33-4024), the SEC permanently suspended a Regulation A exemption from registration under the Securities Act of 1933 with respect to a March 1957 stock-offering proposal of Mon-O-Co Oil Corporation, Billings, Montana; and the Commission also ordered the suspension of a registration statement subsequently filed by Mon-O-Co which also proposed a public offering of stock.

The Commission ruled that the Regulation A exemption was not available, for the reason that Mon-O-Co had proposed the offering of 4,000 stock units to its stockholders at \$75 per share and 14,474 stock units to be offered in exchange for undivided working interests. Since the cash offering price of the 4,000 stock units alone aggregated \$300,000, the maximum allowable under a Regulation A exemption, the exemption was not available. Furthermore, according to the decision of the Commission, Mon-O-Co's offering circular is materially false and misleading with respect to the estimates of oil reserves contained therein and failed to contain certain other required information; and the company failed to file certain sales material prior to its use, as required.

Suspension of the Mon-O-Co registration statement, covering the same offering of 4,000 stock units to stockholders, also was based upon false and misleading statements contained therein. The company's prospectus included a geologist's report which estimated the total recoverable reserves attributable to acreage leased by the company in the Fertile Prairie Oil Field, Fallon County, Montana, at 3,598,560 barrels, consisting of 1,199,520 barrels of developed reserves and 2,399,040 barrels of undeveloped reserves. These estimates were disputed by the Commission's oil and gas engineer, who estimated the developed reserves at less than 150,000 barrels and the undeveloped reserves at 240,000 barrels assuming that such oil can be produced profitably. After a review of the record, including data relating to the Fertile Prairie Oil Field, the relatively poor production history of the wells in this field and other factors, the Commission concluded that the 3,598,560-Barrel estimate is "substantially excessive."

The Commission also found that the prospectus contained other false and misleading statements and omissions, concerning the use of underwriters in the offering, the anticipated expenses of the offering, and the use of the proceeds of the sale of stock. With respect to the latter, the prospectus contained an allocation of about \$239,971 out of total anticipated net proceeds of about \$528,000, leaving about \$300,000 of the proceeds unaccounted for.

Moreover, according to the decision, the material in the prospectus is poorly organized, and Mon-O-Co failed to meet the standard of disclosure imposed by the Act which requires that the material facts be made available in such form that their significance is readily ascertainable. In addition, the prospectus failed to or does not adequately disclose the speculative features of Mon-O-Co's offering, including the facts that the cash offering price was arbitrarily determined and had no relationship to registrants' oil reserves; that the likelihood of present or prospective investors obtaining any return on their investment is remote; and that the difficulties encountered in the development of the Fertile Prairie Oil Field are in part indigenous to the area where there is no assurance that similar difficulties will not be experienced in the future.

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

FAR WEST OIL AND PANCAL OIL OFFERINGS SUSPENDED

The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to stock offerings by the following:

Far West Oil & Exploration Co., Portland, Oregon

Pancal Oil Corp., New York, N. Y.

The stock offerings were proposed by Far West Oil and Pancal Oil in notifications filed with the Commission on January 21, 1958 (as amended), and May 13, 1957, respectively, pursuant to the conditional exemption from registration provided by Regulation A. The Commission's orders provide an opportunity for hearing, upon request, on the question whether the suspensions should be vacated or made permanent.

With respect to Pancal Oil, the Commission's order asserts that the company failed to file the required reports of stock sales and the use to which the proceeds were applied.

In its order with respect to Far West Oil, the Commission asserts that the company's offering circular is false and misleading in respect of certain material facts, including failure to disclose that drilling a test well at a cost of \$93,000 on the issuer's relatively small amount of non-contiguous acreage, under the circumstances involves risks not commensurate with the cost of such drilling; inclusion in the financial statements as an asset of \$45,000 representing the par value of shares issued to promoters for oil and gas leases, such amount being arbitrary and having no relation to the nominal cost actually paid for such leases by the promoters; and failure to disclose that the proceeds of the stock sale will be adequate to cover only the drilling of test wells requiring the highest royalty payments on leases subject to forfeiture provisions for failure to drill within specified periods, without regard to the economic feasibility of such drilling.

CANADIAN RESTRICTED LIST
Thirteenth Supplement

The Securities and Exchange Commission today announced five additions to its Canadian Restricted List, as follows:

Basic Lead and Zinc Mines Limited
Colville Lake Explorers Limited
Fleetwood Mining and Exploration Limited
Lavant Iron Mines Limited
Palliser Petroleum Limited

The List now comprises 204 Canadian companies whose stocks, the Commission has reason to believe, based upon information obtained in its investigations and otherwise, recently have been or currently are being distributed in the United States in violation of the registration requirement of the Securities Act of 1933. Evasion of such requirement, applicable to securities of foreign as well as domestic companies, deprives United States investors of the financial and other information about the issuing companies which registration would provide and which is essential to an evaluation of their securities.

GRIDOIL FREEHOLD LEASES PROPOSES EXCHANGE OFFER

Gridoil Freehold Leases Ltd., 330 Ninth Ave., West, Calgary, Canada, filed a registration statement (File 2-14731) with the SEC on February 5, 1959, seeking registration of 563,600 shares of Capital Stock. The company proposes to offer to exchange with the holders of its \$2,818,000 of 5½% Convertible Sinking Fund Redeemable Notes Series A, due July 1, 1976, a maximum of 563,600 shares of stock on the basis of 200 shares for each \$1,000 note. The company is informed that the note holders intend, from time to time, to offer the shares so acquired by them to the public at market prices prevailing at the times of such offerings, and that they intend to make such sales principally on the American and Toronto Stock Exchanges.

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Anglo American Exploration, Ltd., parent of the issuer, is said to hold \$535,000 of said notes; and the company has been advised that that company will exchange said notes for 107,000 shares of stock provided not less than 75% of the \$2,283,000 of notes held by others are exchanged. Anglo will hold the shares so received for investment.

The company was organized under the laws of the Province of Alberta in 1950 and is engaged in the development and production of, and exploration for, oil and natural gas in Western Canada. It has no employees, its operations being carried out by Anglo American.

THOMAS & BETTS FILES FOR SECONDARY

The Thomas & Betts Co., 36 Butler St., Elizabeth, N. J., filed a registration statement (File 2-14732) with the SEC on February 5, 1959, seeking registration of 300,000 outstanding shares of its Common Stock. The holders thereof propose to offer these shares for public sale through an underwriting group headed by Smith, Barney & Co. The public offering price and underwriting terms are to be supplied by amendment. The issuing company will receive no part of the proceeds of sale.

The company is engaged in the design, manufacture and sale of electrical raceway accessories and conductor connectors said to be of basic use in virtually all phases of the electrical industry. It has outstanding 1,497,296 common shares. The prospectus lists 21 selling stockholders, including George C. Thomas, Jr., board chairman (34,000 of 81,510 shares held); Julia S. Thomas (50,000 of 122,595); N. J. MacDonald, president (46,550 of 79,903); Bankers Trust Company as successor trustee under the will of Hobart D. Betts (43,000 of 171,810); and Trust Company of Morris County & Margaret deGroof Thomas as trustees under the will of Robert McKean Thomas (29,000 of 115,560). Robert McK. Thomas, Jr., vice president, is selling 14,000 of 50,902 shares held; and Edward C. Hewitt, vice president, 21,675 of 52,275 shares held.

BUFFALO-ECLIPSE SEEKS DELISTING ON BOSTON EXCHANGE

Buffalo-Eclipse Corporation has applied to the SEC for an order permitting withdrawal of its common stock from listing and registration on the Boston Stock Exchange; and the Commission has issued an order (Release 34-5878) giving interested persons until February 20, 1959, to request a hearing thereon. The stock will remain listed and registered on the American Stock Exchange.

UNLISTED TRADING IN UPJOHN AND CORN PRODUCTS STOCKS REQUESTED

The Philadelphia-Baltimore Stock Exchange has applied to the SEC for unlisted trading privileges in the common stocks of The Upjohn Company and Corn Products Company (both of which are listed and registered on the New York Stock Exchange); and the Commission has issued orders (Release 34-5878) giving interested persons until February 18, 1959, to request hearings thereon.

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