

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 14, 1956

Securities Act Release No. 3675

(a) Dix Uranium Corporation

The Securities and Exchange Commission has granted a request of Dix Uranium Corporation, Provo, U., for a hearing to determine whether the Commission should vacate or make permanent its order of June 25, 1956, temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by that company. The hearing is scheduled for August 17, 1956, in the Commission's Denver Regional Office.

Dix Uranium's Regulation A Notification, filed August 10, 1955, proposed the public offering of 6,000,000 shares of its 5¢ par common stock at par. In its suspension order of June 25th (Release No. 3651), the Commission asserted that the Notification and offering circular were false and misleading in naming Weber Investment Company as the principal underwriter; in omitting to state that Ruth J. Rains was to act as the principal underwriter; in omitting to state that Ruth J. Rains is not registered with the Commission as a broker-dealer; in omitting to state that Weber Investment Company ceased its underwriting business in July, 1955, and withdrew its broker-dealer registration; and in stating: "The Underwriter agrees to use its best efforts to sell such stock directly and through securities dealers registered in Nevada and such other states wherein this offering has been registered and cleared for sale" and omitting to state that the State of Nevada does not register securities dealers or securities being offered for sale in such state.

(b) York Oil and Uranium Company

The Commission has cancelled a hearing scheduled for August 13, 1956, in its Salt Lake Branch Office, on the question whether to vacate or make permanent its order of May 22, 1956, temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by York Oil and Uranium Company, of New Castle, Wyo. The hearing had been ordered on request of the Company (see Release No. 3665), which request has now been withdrawn, without prejudice.

York Oil's Regulation A Notification, filed June 3, 1955, proposed the public offering of 10,000,000 shares of its common capital stock at 2¢ per share. In its suspension order, the Commission asserted that it had reasonable grounds to believe that the Notification and offering circular were false and misleading in material respects and that the stock offering "did and would operate as a fraud and deceit upon the purchasers" of York Oil stock.

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

Wildcat Mountain Corporation, Boston, filed a registration statement (File 2-12706) with the SEC on August 13, 1956, seeking registration of \$800,000 of 6% Subordinated Cumulative Debentures, due December 1, 1976, and 6,000 shares of no par Common Stock, to be offered for public sale in units, each unit consisting of a \$400 debenture and 3 shares of stock. The offering price is to be \$500 per unit. The offering is to be made by officers and agents of the company and through such underwriters and brokers as may enter into "best effort" arrangements with the company. No selling commissions will be paid to company officers; but a 5% commission may be paid to agents other than the officers. The registration statement also includes 1,000 outstanding common shares which are to be offered by the four holders of the 4,000 outstanding shares to selling agents in connection with the sale of stock.

The issuer was organized on April 11, 1955, under New Hampshire law, for the purpose of fostering the development of Wildcat Mountain in Pinkham Notch, facing Mount Washington, in New Hampshire, for operation as a major mountain recreation center, including a year-round lift facilities. The first stage of this development will be the installation of a main lift from the base area to the summit ridge of Wildcat Mountain (a distance of 6700 feet, with a difference in elevation exceeding 2000 feet), together with other top and bottom facilities. Immediate future development calls for one or two added winter-use lifts to provide an alternate route to the top.

The company's proposed development plan will require the raising of a gross amount of \$1,500,000. Of this the company seeks to raise \$1,000,000 through the public sale of its securities; and it is negotiating to raise the remaining \$500,000 through a private sale of First Mortgage 20-year 6% bonds to certain institutions. Proceeds will be used to meet expenditures incurred in connection with the construction and initial operation of the Wildcat Mountain project, to pay a short-term bank loan of \$1,000, for working capital and general corporate purposes.

The prospectus lists George Macomber of Boston as President; J. Brooks Dodge, Jr., of Gorham, N. H., as Vice President; William D. Beal, Jr., of Jackson, N. H., as Treasurer, and Malcolm McLane of Concord, N. H., as Clerk. Each serves as Director, along with Edward K. Hampshire, of Jackson; and each of the four holds 1,000 of the 4,000 outstanding shares of common stock.

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Securities Act Release No. 3676

The Securities and Exchange Commission has issued an order temporarily denying a Regulation D exemption from registration under the Securities Act of 1933 for a proposed stock offering by Thunderbird Minerals, Ltd., of Calgary, Alberta, Canada. The order provides an opportunity for hearing on the question whether the denial should be vacated or made permanent.

Thunderbird filed its Regulation D Notification with the Commission on July 20, 1956, proposing the public offering of 300,000 capital shares at \$1 per share. No underwriting is involved, the offering to be made by the company's president, P. N. R. Morrison, who would receive a maximum commission of 20%. The company was

organized to hold, develop and exploit petroleum and natural gas and mineral properties. It holds reservations on land in Alberta and mineral claims in Saskatchewan. It has outstanding 957,362 shares, of which 550,000 were issued to a company owned and controlled by Morrison and his family as consideration for transfer of certain of the mineral claims.

In its order, the Commission asserts that it has "reasonable cause to believe" that the offering circular prepared for use in the public offering of Thunderbird stock is incomplete and misleading in various particulars, and that the use of said offering circular in connection with the offering of the issuer's securities "would operate as a fraud and deceit upon the purchasers of such securities." Among these is the alleged failure to disclose with respect to the issuer's properties (a) that the acreage must be classed as wildcat, as they were chosen at random without the benefit of specific favorable geological structural information as to any of the acreage, which adds to the hazards inherent to the discovery of crude oil or natural gas on such acreage, (b) that the greater portion of the properties are 60 or more miles from proven crude oil production in Alberta; (c) that the geological information available to the issuer is not the result of detailed surface geological surveys; (d) that the available geological information clearly indicates the accumulation of oil in the "Granite Wash" formation to be relatively small in area; (e) dry holes within a reasonable range of the issuer's properties; (f) the important features of Crown reservations, including rental, royalty and reversion to lease provisions; (g) the reported completion of a non-productive well at approximately the same location where the issuer proposes to drill; and (h) the aggregate yearly assessment work requirements on the mining claims and related facts. With respect to the issuer's business, it is also alleged in the order that Thunderbird failed to disclose the cost to the promoters of the properties transferred to the company; that an offering of 500,000 shares was commenced in Canada in November 1955, and the results of such offering; and that the offering price of the securities is an arbitrary price having no direct relation to the value of the properties.

It is further alleged in the Commission's order that the offering circular and sales literature proposed to be used are false and misleading (a) in stating "geological reports on these lands indicate the probable presence of petroleum" whereas in fact reports furnished do not so indicate; (b) in stating the Red Earth discovery is some 60 miles Northwest of the issuer's acreage, whereas in fact such discovery is twice that distance from two claims comprising 75% of the issuer's acreage and in failing to state that more recently a dry hole has been completed only 5 miles North of such Red Earth discovery; (c) in stating "the United States is practically drilled out at economic levels and Western Canada now stands as the last opportunity on this continent for the exploration of oil;" and (d) in couching in half-truths, unwarranted conjecture and misleading implications the prospects of the business of the company.

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General Merchandise Company (Milwaukee) filed a registration statement (File 2-12707) with the SEC on August 13, 1956, seeking registration of 180,000 shares of its \$2.50 par Common Stock, to be offered for public sale through an underwriting group headed by Straus, Blosser & McDowell. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the wholesale catalog mail order business. Net proceeds of the financing will be used to pay outstanding bank loans which aggregated \$300,000 on August 1, 1956, and to provide additional working capital for general corporate purposes.