

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 8, 1958

STOP ORDER PROCEEDINGS INSTITUTED AGAINST CENTRAL OILS

The Securities and Exchange Commission has instituted "stop order" proceedings under the Securities Act of 1933 to determine whether to suspend a registration statement filed by Central Oils Incorporated, of Seattle, Washington, for alleged failure to comply with the disclosure requirements of that Act. A hearing for the purpose of taking evidence therein is scheduled for October 15, 1958, at 2:00 P.M., in the Commission's Washington Office.

Central Oils was organized in 1956 as an oil exploration company and is said to have acquired oil and gas leases covering 18,620 acres in Jefferson and Crook Counties, Oregon. On July 30, 1958, it filed its registration statement which, as amended, proposed the public offering of 3,000,000 common shares at 10¢ per share. The offering is to be made on a "best efforts" basis by A. R. Morris and H. C. Evans, president and vice-president, respectively, and promoters of the company, for which they are to receive a selling commission of 1¢ per share. The company has outstanding 1,001,380 common shares, of which the promoters, officers and directors (including Earl Gene Godfrey, secretary-treasurer, in addition to Morris and Evans, all of Seattle) received 800,000 shares net in exchange for properties assigned to the company which had cost them \$1,500, plus time and effort in their acquisition.

The Commission's order challenges the accuracy and adequacy of various informational disclosures contained in Central Oils' registration statement and prospectus, including information with respect to (1) the organization and promotion of the company; (2) the plan for public distribution of the stock, the experience of the persons undertaking the distribution and related matters; (3) the intended use of the proceeds of the stock sale; (4) the description of the company's properties, particularly the failure to disclose the risks involved in drilling for oil and gas in this area, including known geological data indicating the unlikelihood of oil and gas being found in commercial quantities; (5) the failure to include an introductory statement in the prospectus containing a concise description of the speculative features of the company's business and securities; and (6) the interest of the management and others in certain transactions (including the failure to disclose facts with respect to oil and gas leases held by promoters in areas contiguous to the company's leases and the benefit to them of any drilling done on the company's properties).

COMMONWEALTH EDISON FILES FOR DIVIDEND SHARES

Commonwealth Edison Company, Chicago, today filed a registration statement (File 2-4424) with the SEC seeking registration of 100,000 shares of Common Stock. The Board of Directors of the company on September 12, 1958, declared a 2% dividend payable on the outstanding shares of Commonwealth Edison common, at the rate of one share for each 50 shares held of record at 3:00 P.M. Chicago Time September 22, 1958. The resolution specifies that such dividend be capitalized at \$51.47 per share (50/51sts of the September 11, 1958 closing market price of \$52.50 per share) by transferring, out of earnings, the amount of \$9,012,625 to stated capital and the amount of \$9,542,567.35 to paid-in surplus, thus capitalizing the sum of \$18,555,192.35 with respect to the 360,505 total number of full shares comprising such dividend. The dividend is payable by

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the irrevocable delivery by the company on November 1, 1958, to Continental Illinois National Bank and Trust Company of Chicago, for the account of and as agent for the holders of the company's common stock, of a certificate or certificates for all the dividend stock.

Stockholders entitled to the stock dividend may elect either (a) to have all of his dividend stock delivered to him by the Agent Bank (excluding any fraction the sale of which by the Agent Bank should be directed by the stockholder or including the full share resulting from the purchase by the Agent Bank, at the direction of such stockholder, of the additional fraction necessary to round out to a full share) or (b) to have all or part of his Dividend Stock (including any fraction) sold for his account by the Agent Bank and any remaining full shares of his Dividend Stock delivered to him by the Agent Bank. Reply cards for use by stockholders, and addressed to the Agent Bank, were sent out by the company to a total of 143,176 holders of the outstanding 18,025,270 common shares.

None of the shares will belong to the company, and it will receive none of the proceeds from the sale thereof by the Agent Bank. Such proceeds, following the receipt thereof by the Agent Bank from the underwriters, will be distributed to holders of the company's stock on whose behalf the shares are sold. The underwriters are The First Boston Corporation and Glore, Forgan & Co.

HAWAIIAN ELECTRIC PROPOSES STOCK OFFERING

The Hawaiian Electric Company, Ltd., Honolulu, today filed a registration statement (File 2-14425) with the SEC seeking registration of 84,700 shares of Common Stock. The company proposes to offer these shares for subscription by holders of its outstanding common stock of record October 15, 1958, at the rate of one new share for each ten shares then held. The subscription price is to be supplied by amendment. No underwriting is involved.

Net proceeds of the stock sale will become part of the general funds of the company and will be applied toward the cost of its construction program. The company's planned expansion program for the period 1958-61 calls for a total estimated expenditure of \$44,172,000. Following sale of the stock the company proposes to retire short term bank loans obtained for temporary financing of the construction program and expected to approximate \$1,000,000. \$3,500,000 (less underwriting commissions and other expenses of sale) have been provided by the sale of 175,000 shares of the company's Series G (Cumulative) Preferred Stock sold or to be sold to underwriters on October 15, 1958 and have been or are to be applied to the reduction of bank loans obtained for such temporary financing. (The registration statement proposing sale of the preferred stock became effective October 2, 1958.)

COLONIAL FUND SEEKS PERMISSION TO ACQUIRE OXFORD PAPER DEBENTURES

The Colonial Fund, Inc., Boston, Mass. investment company, has applied to the SEC for an exemption order under the Investment Company Act of 1940 permitting its purchase of not exceeding \$400,000 of Convertible Subordinated Debentures due October 1, 1958, of Oxford Paper Company; and the Commission has issued an order giving interested persons until October 20, 1958, to request a hearing thereon.

In a registration statement filed September 25, 1958, Oxford Paper proposed the public offering of \$10,000,000 of the said debentures. Because of affiliations with two members of the underwriting group (Estabrook & Co. and Kidder, Peabody & Co.), the purchase by Colonial Fund of Oxford Paper debentures under this financing proposal is prohibited by the Investment Company Act unless the requested exemption is granted by the Commission.