

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 1, 1957

Securities Act Release No. 3819

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 stock offering by Gunn and McCrary, Incorporated, of Shreveport, La. 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. Gunn and McCrary filed its Regulation A notification with the Commission on April 20, 1956, proposing the public offering of 97,900 shares of its capital stock at \$1 per share pursuant to such an exemption.

In its suspension order, the Commission asserts (1) that the terms and conditions of Regulation A have not been complied with by Gunn and McCrary; (2) that information with respect to material facts contained in the company's offering circular is false and misleading; and (3) that use of said offering circular in the offer and sale of Gunn and McCrary stock would operate as a fraud and deceit upon the purchasers thereof. Moreover, according to the order, Wayne D. Gunn, president, director and an affiliate of Gunn and McCrary, is the subject of an order issued by the Commission on March 27, 1957, suspending the effectiveness of the filing of an offering sheet relating to certain non-producing working interests in an oil and gas lease.

With respect to the Regulation A notification filed by Gunn and McCrary, the Commission's order alleges that it fails to contain a statement of cash receipts and disbursements or income and expense and fails to contain a financial statement of the company's condition of the type required by the Commission's rules. In addition, the company failed to file the required semi-annual report of stock sales and the use to which the proceeds were applied. The order also challenges the adequacy and accuracy of information contained in the offering circular with respect to (1) the results to be encountered if additional wells are drilled on Gunn and McCrary's properties; (2) the company's oil reserves; (3) the location of its properties and the development that had taken place thereon and in the vicinity of said properties; (4) the nature, size and character of the legal interests that Gunn and McCrary had in the lands to which reference is made in the offering circular; (5) the production history of the company's wells; and (6) the financial condition and history of the company, more particularly the extension in the financial statements of dollar amounts for non-cash transactions notwithstanding that the company is an extractive company in the promotional, exploratory or development stage.

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

Securities Exchange Act Release No. 5555

The Securities and Exchange Commission today announced the institution of proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Horace Linson Michener ("Registrant"), of Philadelphia, Pa. A hearing for the purpose of taking evidence therein is scheduled for September 4, 1957, in the Commission's Washington Office.

Registrant is a partnership, of which Horace Linson Michener is the general partner. It has been registered with the Commission as a broker-dealer since 1952.

In its order for proceedings, the Commission asserts that information developed in an investigation conducted by its Staff "tends to show" that Registrant "engaged in acts, practices and a course of business which operated as a fraud and deceit upon . . . certain persons," in that, (A) during the period March 1, 1956, to January 4, 1957, Registrant induced such persons to purchase certain securities, and in connection therewith solicited and accepted the deposit of monies therefor, appropriated such monies to its own use and benefit for various period of time, and failed to deliver securities to one purchaser or to return the monies so deposited; and (B) during the period December 1, 1956, to January 4, 1957, Registrant purchased certain securities from certain persons upon the representation that it was ready and able to pay for them when, in fact, Registrant issued checks in payment therefor when it did not, and knew it did not, have funds available to cover such checks and, to date, has failed to return such securities or to pay therefor and has converted the securities to its own use by the pledge thereof as collateral for loans.

Furthermore, according to the order (1) Registrant hypothecated certain securities carried for the accounts of certain customers, under circumstances which permitted such securities to be commingled with the securities carried for the accounts of other customers without first obtaining the written consent of each such customer to such hypothecation, and to be commingled with securities carried for the account of Registrant under a lien for a loan made to Registrant; and (2) Registrant failed to make and keep current certain books and records, as required by rules of the Commission.

At the September 4th hearing, inquiry will be conducted for the purpose of determining whether the foregoing information is true and, if so, whether Registrant wilfully violated provisions of the Securities Exchange Act of 1934 and Commission rules thereunder and whether it is necessary or appropriate in the public interest to revoke its broker-dealer registration.

Securities Act Release No. 3820

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 stock of Appell Oil & Gas Corporation, of Alice, Texas. 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 a Regulation A notification filed in 1955, in which William H. App

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and Minette P. Prinz joined, an offering pursuant to such an exemption of 4,000 shares of Appell Oil common stock at \$1.75 per share was proposed.

In its suspension order, the Commission asserts that the terms and conditions of Regulation A have not been complied with, in that there has been a failure to file the required semi-annual reports of stock sales and use of proceeds thereof.

Investment Company Act Release No. 2564

Williston Company, Inc., Seattle, Wash., investment company, has applied to the SEC for an order exempting it from certain provisions of the Investment Company Act; and the Commission has issued an order giving interested persons until August 14, 1957, to request a hearing thereon.

In its application, Williston agrees that it will accept and be subject to any provision of the law which the Commission may deem necessary or appropriate in the public interest or for the protection of investors. It was organized for the purpose of acquiring comparatively large undivided interests in producing oil properties which it thereafter proposes to sell in fractional interests. Purchases will be made from Frank H. Rose, now of Seattle, Washington, and formerly of Fargo, North Dakota.

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