

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.

September 19, 1956

FOR RELEASE

Securities Act Release No. 3690

The Securities and Exchange Commission today announced the issuance of a "stop order" decision suspending the effectiveness of a registration statement filed by Wyoming-Gulf Sulphur Corporation, of Jersey City, New Jersey, for failure to comply with the disclosure requirements of the Securities Act of 1933.

The registration statement proposed the public offering at \$2 per share of 971,000 shares of the 10¢ par common stock of Wyoming-Gulf Sulphur, 700,000 shares by the Company and 271,000 shares by two stockholders. The company's principal proposed business operation was to produce and market a soil amendment or conditioner which it calls "soilaid", containing approximately 25% sulphur. It has properties and a plant at Cody, Wyo., and has an interest in two leases on sulphur properties near Thermopolis, Wyo. Through a subsidiary it also proposed to develop certain uranium claims. John F. McBride is president and principal promoter of the company. According to the prospectus, he received an option to purchase 500,000 shares at 10¢ per share and has purchased 400,000 pursuant to such option. The Commission found that the registration statement and prospectus were inaccurate and incomplete in material respects, particularly concerning the description of the company's properties and the business to be conducted, the terms of the stock offering and the plan of distribution, the application of the proceeds, transactions with promoters, and the financial statements.

With respect to the company's business and property, the Commission found that the disclosures were inaccurate and incomplete for failure to disclose the nature and magnitude of the marketing problems which the company faces, and the nature and extent of competition which other sellers of sulphur products and of gypsum would provide. For example, the Commission pointed out, in the State of Washington a purchaser could obtain sulphur from the Gulf ports of Texas at a cost two-thirds less than an equivalent amount of sulphur contained in soilaid. Furthermore, the company has no sales organization and has made no determination as to what marketing costs are likely to be. Although its principal engineer expressed the view that the company could not market a large tonnage of soilaid, its plans contemplate 400-ton daily production at the Cody plant and the erection of a plant at Thermopolis capable of producing 1,000 tons a day. Department of Agriculture statistics show that only 18,221 tons of sulphur (25% to 99%) were used for soil amendment purposes in the entire United States during the year ended June 30, 1954. Moreover, The Commission found "highly misleading" the company's claims with respect to ore tonnages on its Thermopolis properties, in view of the fact that there were no proven ore reserves thereon, as well as its claim that "there is sufficient ore exposed to operate a 1,000 ton mill for ten years."

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Concerning the terms of offering and the plan of distribution, the Commission observed that a public offering price of \$2 per share was originally specified, despite a then prevailing over-the-counter of \$1.0625 bid and \$1.1875 asked. It seems clear, the Commission stated, that the stock could not be sold at \$2 a share except by misrepresentations or other fraudulent means, unless the market rose. In a later amendment to the statement, the offering price is again given at \$2 per share, but with a qualifying statement that this price is arbitrarily calculated at \$2 solely for the purpose of determining the filing fee and that actual selling prices may be less or greater depending on prices prevailing in the over-the-counter market; and footnote references were made to existing over-the-counter market prices. The Commission held that the inclusion of the arbitrary figure of \$2 and of computations based thereon as to use of proceeds, "distorts the entire picture and renders unrealistic the representations about registrant's proposed use of the proceeds," and stated that the misrepresentation was of great importance to investors in view of the fact that the company had already outstanding or was obligated to issue a total of 3,650,594 shares, including the 500,000 shares sold or under option to McBride, and the proceeds of the present offering of 700,000 shares to the public would have to carry this entire structure.

As to the proposed use of proceeds, the Commission observed that without information about the serious nature of the company's marketing problems an investor cannot adequately appreciate the significance of the stated purpose to supply the first \$1,100,000 of proceeds to increased production and to leave an insubstantial figure for sales expense until last. Similarly, the proposed expenditures of \$979,500 on the Termopolis property could be more intelligently assessed if the information were presented that there were no proven ore reserves thereon. The Commission also found the company's financial statements "improper and misleading in many respects."

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Seaboard Finance Company, Los Angeles, filed a registration statement (File 2-12791) with the SEC on September 18, 1956, seeking registration of \$15,000,000 of Sinking Fund Notes due 1971, to be offered for public sale through an underwriting group headed by The First Boston Corporation. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The company intends, in the first instance, to apply the net proceeds from the sale of notes to the reduction of current indebtedness to its line-of-credit banks originally incurred to lend to borrowers and to purchase receivables, either directly or through subsidiaries in the ordinary course of business. Replacement of outstanding borrowings by the proceeds of the notes will make available to the company further borrowings under its regular bank lines of credit as funds may be required from time to time.

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Templeton & Liddell Fund, Inc., Englewood, N. J., investment company, filed a registration statement (File 2-12789) with the SEC on September 18, 1956, seeking registration of 9,000 shares of its common capital stock.

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Middle South Utilities, Inc., New York, filed a registration statement (File 2-12790) with the SEC on September 18, 1956, seeking registration of \$200,000 of Participations in its Stock Purchase Plan for eligible employees of Middle South and its subsidiaries.

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SEC SERVICE AWARDS

Chairman J. Sinclair Armstrong of the Securities and Exchange Commission today presented 20-year service award pins to 50 employees of the Commission and 10-year service award pins to an additional 12 employees. In the first annual award presentation last September, 114 employees received 20-year pins and 339 received 10-year pins.

Of the 50 employees receiving 20-year pins today, 32 are members of the Washington Office staff while the remaining 18 are Regional Office employees. Five of the recipients of the 10-year pins are employees of the Washington Office and seven are Regional Offices employees.

Guest speaker at the Service Awards Presentation was Warren B. Irons, Director, Bureau of Departmental Operations, U. S. Civil Service Commission.