

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



Washington 25, D.C.

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

FOR RELEASE November 7, 1956

Securities Act Release No. 3713

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

Blue Canyon Uranium, Inc., Grand Junction, Colorado

The Regulation A notification filed by Blue Canyon on November 29, 1954, proposed the public offering of 6,000,000 shares of common stock at 5¢ per share

El Rey Uranium Corporation, Salt Lake City Utah

The Regulation A notification filed by El Rey Uranium on August 24, 1954, proposed the public offering of 1,475,000 shares of common stock at 20¢ per share

Hugh H. Faulders, Wichita, Kansas

The Regulation A notification filed by Faulders on January 19, 1954 proposed the public offering of the entire working interests under a standard oil and gas lease in and to each of twelve tracts of eighty acres each described in the statement and located in Knox County, Nebraska, for an aggregate of \$25,500.

The Holiday Tungsten and Uranium Company, Denver, Colorado

The Regulation A notification filed by Holiday Tungsten on January 25, 1955, proposed the public offering of 4,772,500 shares of common stock at 5¢ per share

Trabella Uranium Mines, Inc., Colorado Springs, Colo.

The Regulation A notification filed by Trabella Uranium on November 6, 1953, proposed the public offering of 1,000,000 shares of common stock at 10¢ per share

Regulation A provides a conditional exemption from registration under the Securities Act for public offerings of securities not exceeding \$300,000 in amount. One of such conditions is a requirement that the issuer file reports with the Commission semi-annually after commencement of the offering giving the facts with respect to the number of shares sold, proceeds received, and application of the proceeds. In the five suspension orders, the Commission asserts that the respective issuers failed to file such reports.

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With respect to El Rey, the Commission's order further asserts that the company's offering circular is false and misleading in that the company is no longer located at 510 Newhouse Building, Salt Lake City, Utah, the address listed in the filing, and has left the premises without any forwarding address and without amending its offering circular accordingly.

Similarly, with respect to Trabella, the Commission's order also asserts that the company's notification and offering circular are false and misleading in that W. A. Kyner, named as president, director, and promoter of the company, is deceased and the filing has not been amended accordingly.

Each of the Commission's orders provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Securities Act Release No. 3715

The Securities and Exchange Commission today announced the institution of proceedings under the Securities Act of 1933, as amended, to determine whether a stop order should be issued suspending the effectiveness of the registration statement filed by Horton Aircraft Corporation (File No. 2-12861) of Las Vegas, Nevada. The hearing is scheduled for November 21, 1956, in the SEC Los Angeles Office.

According to the Commission's order, there is "reasonable cause to believe" that the registration statement includes untrue statements and fails to include material facts necessary to make the statements made therein not misleading. The registration statement relates to a proposed offering of 100,000 shares of Horton Aircraft common stock at \$25 per share. According to the registration statement, proceeds of the sale of the stock are to be used for the purpose of securing a factory or assembly structure in Santa Ana, California, and for constructing prototype models of "Horton Wingless Aircraft."

At the hearing, particular consideration will be given to questions as to the adequacy and accuracy of statements concerning (1) the history and development of the registrant's business, particularly statements concerning the "Horton Wingless Aircraft," the organization of the company, the "experimental prototype" and testing thereof, the principles involved and embodied in the Horton Wingless Aircraft and the patent coverage afforded by the patent issued to William E. Horton; (2) the nature of the aircraft proposed for experimentation and production, the methods of production, markets for such aircraft, methods of sale, and sources and supply of raw materials for production; (3) the proposed use of proceeds and the adequacy of such proceeds to accomplish the purposes set forth in the registration statement; (4) prior transactions with the promoter of the registrant; (5) the manner and method by which the shares subject to the registration statement will be offered to the public; and (6) the failure to disclose facts concerning the issuance to and the sale by the promoter of stock of the registrant, and the effect of having failed to register such shares.

Holding Company Act Release No. 13302

The Columbia Gas System, Inc., and two of its subsidiaries, Central Kentucky Natural Gas Company and Kentucky Gas Transmission Corporation, have received SEC authorization for the transfer by Central Kentucky to Kentucky Gas of the wholesale transmis-

sion facilities of Central Kentucky.

Central Kentucky is engaged in the purchase, storage, transmission, and sale of natural gas at wholesale and retail in Kentucky. It proposes to retain only those assets and properties used for the retail distribution of natural gas and will transfer to Kentucky Gas its assets and properties used in transmission, storage, and other wholesale operations, together with the reserves, liabilities, and obligations applicable thereto, and a sufficient amount of cash (presently estimated at \$300,000) for the working capital requirements of Kentucky Gas. The fixed assets will be transferred at original cost less applicable depreciation reserves.

In payment for the net assets transferred, Kentucky Gas will issue and deliver to Central Kentucky 4,000 shares of its \$25 par common stock, having a book value of \$8,269,021, and Installment Promissory Notes in an aggregate amount of \$8,270,000, as of December 31, 1955. Central Kentucky's earned surplus will be divided with Kentucky Gas on the basis of the net value of the assets which each company will have upon consummation of the transfer.

Central Kentucky will deliver to Columbia Gas the Installment Promissory Notes received from Kentucky Gas, in prepayment of an equal principal amount of Central Kentucky's notes now held by Columbia Gas. Central Kentucky will also deliver to Columbia Gas the common stock received from Kentucky Gas, and, in consideration therefor, Columbia Gas will surrender for retirement common shares of Central Kentucky having an equal aggregate book value.

Upon the consummation of the sale by Central Kentucky of its transmission properties to Kentucky Gas, the latter will become the principal wholesale supplier of natural gas to Central Kentucky.

The proposal is a step in the program of Columbia Gas and its subsidiaries to realign the System properties in such a manner that all production, storage, and transmission properties used in wholesale operations and subject to Federal Power Commission jurisdiction will eventually be owned by a single operating company, and the retail distribution facilities in each State will be owned by a single company subject to the appropriate State Commission.

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Long Island Lighting Company, Mineola, New York, filed a registration statement (File 2-12890) with the SEC on November 7, 1956, seeking registration of \$20,000,000 of First Mortgage Bonds, Series I, due December 1, 1986. The Bonds will be offered at competitive bidding. The net proceeds will be used for the construction of utility plant and to repay bank loans incurred therefor.

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Dallas Power & Light Company (Dallas, Texas) today filed a registration statement (File 2-12891) with the SEC registering \$10,000,000 of First Mortgage Bonds % Series due 1986. The bonds are to be offered at competitive bidding and the proceeds will be used for construction of new facilities and for other corporate purposes.

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