

CHAIRMAN'S OFFICE
MAILED

DEC 20 1960

Signed by: _____

Honorable John D. Dingell,
House of Representatives,
Washington,
D C.

Dear Mr Dingell:

This is in reply to your letter of December 13, enclosing a copy of a letter to you from Mr. E. S. Haigis of Detroit.

I enclose herewith a memorandum with regard to the matter from our Division of Trading and Exchanges which I hope will prove helpful. I am also returning Mr. Haigis' letter.

If there is any further assistance which we can provide, please do not hesitate to get in touch with us.

Sincerely yours,

Edward N. Gadsby
Chairman

Enclosures.

PALJr.:mh

MEMORANDUM OF THE DIVISION OF TRADING
AND EXCHANGES OF THE SECURITIES AND
EXCHANGE COMMISSION

By letter dated November 30 to the Honorable John D. Dingell, Mr. E. S. Haigis complained that Mr. Newton, Regional Administrator of our Seattle Regional Office, was interfering with the operations of honest men and companies such as Central Oils Co. and Warren Cottrelle of British Columbia, and requested that this office correct the situation.

With regard to Mr. Cottrelle, he has been engaged in various illegal securities transactions for a good many years. The following is a summary of his record as shown by our files:

1. On March 10, 1936 at Spokane, Washington, Cottrelle received a 2-year suspended sentence on a charge of attempting to defraud a bank in connection with a check.
2. On or about January 1949, Cottrelle pleaded guilty at St. John, New Brunswick, to two charges of violating the Security Frauds Prevention Act by offering securities without registration as a broker or salesman. He was fined \$250.00 on each charge, or ordered to serve two months in jail.
3. On December 9, 1949 at Vancouver, B.C., Cottrelle was sentenced to a fine of \$1,000 or 6 months in Oakalla Prison, which prison sentence was served. This conviction was based upon violations of the British Columbia Securities Act.
4. On October 27, 1953 Cottrelle, who was indicted under the alias of Lloyd J. Moore, pleaded guilty in the United States District Court in Great Falls, Montana, to charges of violations of the anti-fraud provisions of the United States Securities Act of 1933 and was sentenced to 3 years imprisonment and was fined \$2,000.00. This indictment related to the fraudulent sale of securities of the Lost Wheelbarrow Mining Company. He was imprisoned in the U.S. Penitentiary at McNeil Island, Washington, until January 9, 1956, when he was conditionally released and deported to Canada. He violated the terms of his conditional release and a warrant for his arrest was issued on April 25, 1956 and placed in the hands of the U.S. Marshal in Seattle, Washington. We understand that this warrant is still outstanding.
5. On February 27, 1958 Cottrelle was convicted on a charge of fraud, contrary to Section 323(1) of the Criminal Code, in Calgary, and was sentenced to imprisonment at the Provincial Gaol in Fort Saskatchewan for a period of 9 months, which sentence was served.

Cottrelle is presently operating from Montreal and soliciting funds purportedly for investment in a placer mining venture in British Columbia.

Cottrelle appears to attribute his difficulties to Mr. Newton. However, as may be noted from his record, Canadian authorities have been particularly active in taking legal proceedings against him.

With regard to Central Oils, Inc., that company made two filings with the Commission, in 1956 and in 1957, in order to obtain an exemption from registration under the Securities Act with respect to offerings of its securities. On March 3, 1958, the Commission temporarily suspended the availability of this exemption. There is attached hereto a copy of Securities Act Release 3902 announcing this action and stating the reasons therefor. As indicated in the release, Central Oils Inc. was entitled to a hearing upon request, at which it could attempt to show that the suspension should be vacated. According to our records, no hearing was ever requested or held.

PALJR. :MH