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TO : Department of State

1963 JUN 10 AM 10 15

RM/AN
ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amembassy BRASILIA Office

DATE: May 31, 1963

SUBJECT: Test of the Legislation Proposed for the Establishment of the State of Goias Petroleum Distribution Company

REF : Dispetrolgo.

A- 1287 of May 9, 1963

The following is a free translation of the bill proposed by the Governor of Goias which would, if enacted, establish a State Petroleum Distribution Organization (See A- 1287 of May 9, 1963). A copy of the text as it appeared in the Goiania press is enclosed.

Art. 1. -- The Executive Power is authorized to create a society of mixed economy, through stocks, for the commerce, transport and distribution of the oil products, under the name Distribuidora de Petroleo de Goias S/A - Dispetrolgo.

Art. 2. -- Dispetrolgo will be located in Goiania, capital of the State of Goias, and can have departments, offices and selling branches where necessary for the good and regular operation of the company.

Art. 3. -- The initial capital of the Dispetrolgo will be Cr\$ 250.000.000,00 (two hundred and fifty million cruzeiros), divided in 250.000 (two hundred fifty thousand) stocks of Cr\$ 1.000,00 (one thousand cruzeiros), all registered, consisting of 200.000 (two hundred thousand) common stocks and 50.000 (fifty thousand) nonconvertible preferred stocks.

Paragraph 1. A minimum of 51% (fifty one per cent) of the common stocks will be subscribed by the State of Goias, and the remainder will be subscribed by the mixed society.

Paragraph 2. The preferred stocks can be subscribed to by individuals as long as they are brazilian citizens, living in Brazil.

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Drafted by: ADMIN:RGershenson:kma

Contents and Classification Approved by:

RH Eakens

Clearances:

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Authority NND 939529

All Con-
sulates
Brazil;
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Ser. Atts.;
USIS;
Econ;
POL I (5);
POL II;
Labor;
CF (3);
Brasilia
(5).

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Paragraph 3. When an increase in the capital of Dispetrolgo is required the above ratios will be maintained.

Art. 4. -- To complete the capital, the State may utilize its own goods, resources or credit.

Art. 5. -- The Executive Power is authorized to designate the Director of Dispetrolgo.

Art. 6. -- The State of Goias can entrust Dispetrolgo with the execution of the services consonant with the goals of the society for which it will give special financial resources.

Art. 7. -- The Executive Power is authorized to offer the guarantee of the State under the form of security, endorsement or any other trustworthy form to the credit which Dispetrolgo may utilize with public or private entities, to the amount of Cr\$ 250.000.000,00 (two hundred and fifty million cruzeiros) or 80% (eighty per cent) of its total stock value when there is an increase in capital.

Art. 8. -- The Executive Power is authorized to open, in this and in future fiscal years, the following credits :

a) to the limit of Cr\$ 10.000.000,00 (ten million cruzeiros) to help the incorporation and installation expenses of Dispetrolgo;

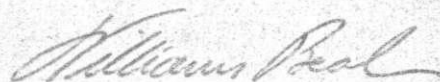
b) as necessary for the completion of stock payments by the State purchases.

Only paragraph - The Executive Power can utilize any of the written resources in art. 11 of Decree No. 2.416, of July 17, 1940, for the opening of such credits.

Art. 9. -- Dispetrolgo will be part of the Ministry of Industry and Commerce.

Art. 10. -- This law enters in force on the date of its publication, thus repealing any previous acts to the contrary.

For the Ambassador:



Williams Beal
First Secretary of Embassy

Enclosure *att. 1*
As Stated

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