

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 September 8, 1958

Statistical Release No. 1553

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended September 5, 1958, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1958, is as follows:

	1939 = 100		Percent Change	1958	
	9/5/58	8/29/58		High	Low
Composite	353.9	352.3	+0.5	354.1	299.0
Manufacturing	443.8	442.2	+0.4	446.1	373.3
Durable Goods	401.9*	399.7	+0.6	401.9	332.2
Non-Durable Goods	473.9	472.9	+0.2	478.6	402.2
Transportation	282.6	282.4	+0.1	285.6	219.7
Utility	175.3*	174.0	+0.7	175.3	155.5
Trade, Finance & Service	334.8*	330.6	+1.3	334.8	263.2
Mining	341.6	337.4	+1.2	346.2	261.3

\*New High

WASSERMAN BROKER-DEALER REGISTRATION GRANTED

The SEC today announced the issuance of a decision granting an application for broker-dealer registration filed by Albert Wasserman, doing business as A. Wasserman & Co., Brooklyn, N.Y., (which terminated proceedings on the question whether registration should be denied).

According to the Commission's decision, Wasserman's application contained no response to the item calling for information as to prior connections during the past ten years with any other broker or dealer, although he had been associated with two other broker-dealer firms during the period. On May 2, 1958 prior to oral argument before the Commission on May 6, 1958, the application was amended to list these two connections as well as two other more recent associations. The application was prepared without the assistance of an attorney; and Wasserman urged that his failure to furnish the information initially resulted from oversight rather than from any intent to conceal information. Furthermore, he noted his prior associations with the two other firms were disclosed in filings with the Commission by one of such firms and he could not have expected to be able to conceal the information; and he had voluntarily disclosed these associations in an interview with an SEC staff member prior to the institution of these proceedings. He also asserted that his failure to file a correcting amendment at an earlier date was due to his mistaken impression that the filing of such an amendment after the institution of the proceedings was a useless act.

Although observing that it is essential that information required in applications for broker-dealer registration be complete and accurate, the Commission concluded that the record "does not show any intent to conceal information, nor does it appear that applicant was guilty of any misconduct in the prior associations which were not disclosed by the application." Under the circumstances, the Commission ruled that the public interest did not necessitate denial of Wasserman's application for broker-dealer registration. \* \* \* \* \*

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

## SEC ORDERS PROCEEDINGS AGAINST WHITNEY-PHOENIX

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Whitney-Phoenix Co., Inc., 52 Wall St., New York City, and/or to suspend or expel it from membership in the National Association of Securities Dealers, Inc. (NASD).

According to the Commission's order, information developed in an investigation conducted by its Staff tends to show that Whitney-Phoenix and its president, Strabo V. Claggett, (1) offered and sold Class A convertible common stock of Selelevision Western, Inc., in violation of the registration requirements of the Securities Act of 1933; and (2) in connection therewith, made false and misleading representations of material fact and omitted to state material facts with respect to Selelevision Western and its stock, and engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the purchasers of such stock. These transactions, according to the Commission's order, occurred during the period August 1954 to August 1955. The allegations of false and misleading representations of material facts and omission of material facts related, among other things, to the future operations and business prospects of Selelevision Western, the purchase by Whitney-Phoenix of securities of its parent (Selelevision Corporation of America), and the discontinuance of a wire service by said parent.

The Commission's order also asserts that, in connection with the sale of Class A convertible common stock of the parent company (Selelevision Corporation of America) during the period January 1957 to July 1957, Whitney-Phoenix and Claggett made false and misleading representations of material fact and omitted to state material facts, and engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the firm's customers. These misrepresentations and omissions related, among other things, to the market price of the stock, the scarcity of the stock, the present and prospective price of the stock, investment advantages in purchasing the stock, the present and future operations of the company, and the cancellation of a license agreement.

Furthermore, according to the order, Whitney-Phoenix engaged in the conduct of a securities business in violation of the Commission's net capital rule, failed to file required reports of financial condition, and refused to make the company's books and records available for examination by the Commission's Staff.

At a hearing scheduled for September 22, 1958, in the Commission's New York Regional Office, inquiry will be conducted into the foregoing matters for the purpose of determining whether the registration, anti-fraud and other provisions of the Federal Securities Laws have been violated in the respects indicated and, if so, whether the broker-dealer registration of Whitney-Phoenix should be revoked and whether it should be suspended or expelled from NASD membership.

(Copies of foregoing sent to N.Y. newspapers)

## ARIZONA AVIATION AND MISSILE OFFERING SUSPENDED

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 stock offering by Arizona Aviation and Missile Corporation (formerly Azair Arizona Aircraft Company), of Phoenix, Arizona. 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. Arizona Aviation filed a Regulation A notification on October 7, 1957, proposing the public offering of 150,000 common shares at \$2 per share pursuant to such an exemption.

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In its suspension order, the Commission asserts (1) that Arizona Aviation failed to file certain sales material, as required, and (2) that the company supplied certain false and misleading information to a newspaper knowing it would be disseminated during the stock offering and, the information having been so disseminated, that such conduct constituted an offering of stock in violation of Section 17 (the anti-fraud provision) of the Securities Act. The false and misleading information were to the effect, among other things, that the company is currently involved in production and sales of several products and a wide range of aircraft components.

UNION BAG-CAMP PAPER FILES STOCK OPTION PLAN

Union Bag-Camp Paper Corporation, New York City, filed a registration statement (File 2-14344) with the SEC on September 5, 1958, seeking registration of 380,000 shares of Capital Stock, to be offered to such executive officers as have been or may in the future be granted options pursuant to the company's Stock Option Plan.

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Philadelphia Fund, Inc., Philadelphia, Pa. investment company, filed an amendment on September 5, 1958, to its registration statement (File 2-10698) seeking registration of an additional 500,000 shares of Capital Stock, \$1 par value.

SEC DENIES REGISTRATION TO KELLY RUBENSTEIN, INC.

In a decision announced today, the SEC denied an application of Kelly Rubenstein, Inc., New York City, for registration as a broker-dealer under the Securities Exchange Act of 1934 because of wilful violations of the reporting and bookkeeping provisions of that law. William Rubenstein, the president, a director, and 50% stockholder, was found to be a cause of such denial.

According to the Commission's decision, Washington Securities Corporation, of which Rubenstein was formerly president and sole shareholder, also has filed an application for broker-dealer registration. In this application (against which denial proceedings are now pending), it was represented that Rubenstein had been connection with Keith Richards Securities Corp. as a salesman from April to August 1956. In fact, during this period, he was president, treasurer, a director and a 50% stockholder of Keith Richards. It was urged that the misstatement was not wilfully made because Rubenstein signed the application in blank and the mistake was made by his attorney's secretary who typed in the answers to the items of the form. The Commission rejected this argument, observing that by signing the application Rubenstein represented that all statements therein are true and correct to the best of his knowledge and belief, and that he cannot shift responsibility for the truth and accuracy of the application to a clerical employee.

The Commission also ruled that, from May to August 21, 1956, when Rubenstein ceased to be connected with Keith Richards, the latter failed to maintain the books and records required by Commission rules. Rubenstein had responsibility for the firm's record-keeping; and the only record kept was a blotter. Here again the Commission rejected arguments that Rubenstein was inexperienced in keeping books and records and relied upon an accountant to comply with the rules.

In ruling that the public interest requires denial of the Kelly Rubenstein application for broker-dealer registration, the Commission noted that Rubenstein asserted that he has taken steps to prevent a recurrence of any violation of the bookkeeping rules; but the Commission observed that his repeated failures since March 1955 to exercise adequate attention and supervision in connection with both the record keeping and disclosure requirements of the law and the unsubstantial nature of the excuses which he has offered for his misconduct "indicate that he does not have a proper awareness of the nature and importance of the responsibilities of a broker-dealer to assure compliance with the Act and our rules for the protection of investors."

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**COLUMBIA GAS BANK BORROWINGS CLEARED**

The SEC has issued an order authorizing The Columbia Gas System, Inc., New York holding company, to make bank borrowings aggregating \$40,000,000 during the remainder of 1958.

**NATIONAL PROPANE EXEMPTED**

The SEC has issued an order granting an application of National Propane Corporation, New Hyde Park, Long Island, N. Y., for exemption from the Holding Company Act on the ground that it is only incidentally a holding company, being primarily engaged or interested in one or more businesses other than that of a public utility company and not deriving any material part of its income from a subsidiary the principal business of which is that of a public-utility company.

**INTERNATIONAL NICKEL FILES FOR EXEMPTION**

The International Nickel Company, Inc., New York City, has applied to the SEC for an order exempting itself and its subsidiaries from the Holding Company Act; and the Commission has issued an order giving interested persons until September 22, 1958, to request a hearing thereon. In support of its application, the company asserts that it is only incidentally a holding company, being primarily engaged or interested in one or more businesses other than the business of a public utility company and not deriving any material part of its income from any subsidiaries the principal business of which is that of a public-utility company.

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