

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 July 21, 1958

Statistical Release No. 1544

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks, the week ended July 18, 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:

	<u>1939 = 100</u>		<u>Percent Change</u>	<u>1958</u>	
	<u>7/18/58</u>	<u>7/11/58</u>		<u>High</u>	<u>Low</u>
Composite	337.6*	337.0	+0.2	337.6	299.0
Manufacturing	421.0*	419.9	+0.3	421.0	373.3
Durable Goods	378.5*	369.9	+2.3	378.5	332.2
Non-Durable Goods	452.2	458.0	-1.3	458.0	402.2
Transportation	269.6*	264.5	+1.9	269.6	219.7
Utility	172.7	174.2	-0.9	174.2	155.5
Trade, Finance & Service	311.1	311.7	-0.2	311.7	263.2
Mining	336.6*	322.9	+4.2	336.6	261.3

\*New High

CONSOLIDATED NATURAL GAS PROPOSES DEBENTURE OFFERING

Consolidated Natural Gas Company, New York, filed a registration statement (File 2-14263) with the SEC on July 18, 1958, seeking registration of \$45,000,000 of Debentures due 1983 to be offered for public sale at competitive bidding.

Net proceeds from the sale of the debentures will be added to the treasury funds of the company and will be used to finance in part the 1958 construction program of the Consolidated System which it is estimated will involve expenditures of approximately \$65,000,000 for the year 1958. The balance of funds required for the 1958 construction program is being supplied from the treasury funds of the Consolidated System. Short-term bank loans of \$27,500,000, obtained by the company subsequent to March 31, 1958, for the temporary financing of 1958 construction expenditures, will be repaid following the sale of the debentures.

SEC ORDERS PROCEEDINGS AGAINST McGRATH SECURITIES CORPORATION

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of McGrath Securities Corporation, New York, N.Y., should be revoked and whether the said firm should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

OVER

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

According to the Commission's order, information developed in an investigation conducted by its staff "tends to show" that during the period from approximately June 21, 1956, to approximately October 31, 1956, McGrath Securities and Robert C. Leonhardt, president, director, and sole stockholder of McGrath Securities, offered to sell, sold, and delivered shares of the common stock, 1¢ par value, of Micro-Moisture Controls, Inc., when no registration statement had been filed or was in effect as to said security under the Securities Act of 1933.

At a hearing scheduled for August 4, 1958, in the Commission's New York Regional Office, inquiry will be conducted to determine whether McGrath Securities and Leonhardt wilfully violated the registration provisions of the Securities Act of 1933, and, if so, whether it is in the public interest to revoke the broker-dealer registration of McGrath Securities or to suspend or expel it from NASD membership, and whether Leonhardt should be found to be a cause of any such order of revocation, suspension or expulsion.

#### SPRECKELS COMPANIES SEEKS EXEMPTION FROM REPORTING REQUIREMENT

Spreckels Companies, of San Francisco, has applied to the Securities and Exchange Commission for an order exempting it from the requirement of the Securities Exchange Act of 1934 for filing annual and other related papers. Interested persons have until August 6, 1958, to request a hearing or file a statement of views on the application.

The obligation to file annual and other reports resulted from the filing of a registration statement by Spreckels Companies, under the Securities Act of 1933, proposing the public offering of securities. The registration statement became effective on May 25, 1949. According to the present application, however, all of the company's outstanding securities, consisting of 369,461 shares of a single class of capital stock, are held of record by 13 persons and there are believed to be not more than 19 beneficial owners. The application asserts that the company's stock is closely held, with three persons owning 96% of the stock, and is not actively traded; that all of the company's stockholders are furnished annual reports containing financial statements certified by independent public accountants; that information contained in the financial statements and schedules now filed by the company will to a large extent continue to be filed by the company's parent, The American Sugar Refining Company; and that the continued filing of annual and other reports by the company is not necessary in the public interest or for the protection of investors.

#### MISSILE OIL 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 public offering of stock by Missile Oil Corporation, Los Angeles.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed on June 26, 1958, Missile Oil proposed the public offering pursuant to such an exemption of 300,000 shares of its 10¢ par non-assessable common stock at \$1 per share. The Commission in its suspension order asserts that it has "reason to believe" that the company's offering circular is false and misleading in respect of various material facts. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

In its suspension order, the Commission cites a statement in the offering circular that "Officers, Directors and present Stockholders will own 63% of the outstanding stock...in exchange for leases costing in excess of \$207,000, services rendered and an actual cash expenditure of \$37,000"; and it charges a failure to disclose that the directors, officers, and stockholders have not paid said \$207,000 for the subject leases and are not obligated to make such payments, but that such amount is to be paid from the proceeds of the offering. It also cites the failure to disclose in the offering circular that the public investors, if the offering is completely sold, will have invested approximately 88½% of the cash in the enterprise for their 37% interest, while the officers, directors, and present stockholders will have contributed approximately only 11½% of the cash

investment for their 63% interest. The order alleges that there was included in the company's financial statements as an asset the sum of \$210,000, described as "Oil Leases, at Cost", when, in fact, there is only an agreement to purchase oil leases, and the only cost incurred was a \$3,000 earnest money deposit; that the offering circular set forth the conclusion of the Conkling Brothers, geologists, that the leases are a "safe and profitable investment", whereas the said conclusion, taken from the geological report, referred to the proposed purchase price of \$210,000 and not to the interests of the public in the leases which would amount to only 37% of the total outstanding interests; and that the offering circular failed to disclose that the royalties to be paid on the Texas and California properties are materially higher than customary and are particularly burdensome on the Texas properties.

With reference to a statement in Missile Oil's offering circular that the value of the company's Texas property net to the working interest is \$2,143,857, the Commission's order states that "past experience and future unknown and indeterminable factors make such an estimation of value unreasonable and without adequate basis"; and concerning a statement in the offering circular relating to the value of the California properties in the amount of \$403,340, the Commission's order states that "the assigned value of \$20 per acre is of such a speculative, arbitrary and fluctuating nature as to preclude the inclusion of such amount as a representation." The order also challenges the statements contained in the offering circular concerning the company's oil reserves, and, in connection with a statement in the offering circular that the company plans "an extensive exploratory and drilling program" on its California properties, alleges a failure of the company to disclose that even if the entire offering of securities were sold and the proceeds distributed in the manner set forth in the offering circular there would be little if any funds available for such exploration and drilling.

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