

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 October 20, 1958

Statistical Release No. 1562

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended October 17, 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	
	10/17/58	10/10/58		High	Low
Composite	378.9*	378.6	+0.1	378.9	299.0
Manufacturing	478.0	478.1	0.0	478.1	373.3
Durable Goods	441.9*	440.5	+0.3	441.9	332.2
Non-Durable Goods	502.1	503.5	-0.3	503.5	402.2
Transportation	309.7*	309.6	0.0	309.7	219.7
Utility	184.2*	183.1	+0.6	184.2	155.5
Trade, Finance & Service	346.3*	345.4	+0.3	346.3	263.2
Mining	347.0	347.2	-0.1	347.2	261.3

*New High

JONATHAN & CO. REGISTRATION SUSPENDED

The Securities and Exchange Commission today announced the issuance of an order suspending the broker-dealer registration of Herman Bud Rothbard, doing business as Jonathan & Co., Los Angeles, California, pending final decision on the question whether Rothbard's broker-dealer registration should be revoked and whether he should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

In a stipulation filed by Rothbard, he consented to such suspension as well as the revocation of his registration and his expulsion from the NASD.

In this stipulation, Rothbard admitted violations of the Commission's reporting, bookkeeping and net capital rules, as well as the filing of a false and misleading report of his financial condition. He is also charged by the Commission with violation of the anti-fraud provisions of the Federal Securities Laws.

Wellington Equity Fund Inc., Claymont, Delaware investment company, filed an amendment on October 17, 1958 to its registration statement (File 2-14336) seeking registration of an additional 3,000,000 shares of Common Stock \$1 par value.

OVER

ELECTRONICS INDUSTRIES 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 Electronic Industries Incorporated, 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. In a Regulation A notification filed July 29, 1958, Electronic Industries proposed the public offering of 100,000 shares of common stock at \$2 per share pursuant to such an exemption.

In its suspension order, the Commission charges that Electronic Industries' notification and offering circular are false and misleading in respect of certain material facts, namely, the named officers, directors and promoters of the company and the underwriter of its stock offering, in that said persons are acting for and on behalf of persons not disclosed in the notification, and circular. Accordingly, offering of the stock by means of such circular, the order indicates, would violate Section 17 (the anti-fraud provision) of the Securities Act.

CONSOLIDATED NATURAL GAS BANK BORROWINGS CLEARED

The SEC has issued an order authorizing Consolidated Natural Gas Company, New York, to make bank borrowings aggregating not more than \$5,000,000 and to loan funds to subsidiary companies to finance their 1958 gas storage requirements, as follows: \$2,000,000 to Hope Natural Gas Company; \$3,500,000 to New York State Natural Gas Corporation; and \$1,000,000 to The Peoples Natural Gas Company.

KILROY 1959 COMPANY PROPOSES OFFERING

W. S. Kilroy 1959 Company, Houston, today filed a registration statement (File 2-14444) with the SEC seeking registration of \$3,750,000 of Participating Interests in the W. S. Kilroy 1959 Company Oil and Gas Exploration Program. This offering is to be made in \$25,000 units. The funds will be used for the acquisition and exploration of undeveloped oil and gas properties.

W.S. Kilroy is the general partner and E. A. Kilroy, Jr., is the sole limited partner of W. S. Kilroy 1959 Company. Kilroy Drilling & Production Company and Kilroy Drilling Company will drill wells for the Kilroy 1959 Company on a contract basis. All of the stock of the Production Company is owned by the two Kilroys; and they are also the general partners of the Drilling Company.

ARLISS PLASTICS OFFERING PERMANENTLY SUSPENDED

The SEC today announced a decision permanently suspending a stock offering by Arliss Plastics Corporation, of Brooklyn, New York, pursuant to a Regulation A exemption from registration under the Securities Act of 1933.

The offering by Arliss covered 150,000 shares of its common stock at \$2 per share under a Regulation A notification filed in October 1955. The Commission in June 1957 issued an order of temporary suspension, at which time Arliss had sold some 41,065 shares to public investors. The company operated solely through a subsidiary, Arliss & Co. Inc., a New York corporation, which engaged in the manufacture and distribution of a variety of industrial and proprietary plastic products.

Continued

The Commission ruled (1) that Arliss' notification failed to specify all the states within which its securities were to be offered and (2) that its offering circular was false and misleading in representing that Arliss would reimburse the underwriter only for expenses actually incurred by it up to \$5,000 when, as admitted, substantial amounts had been advanced to the underwriter with no obligation on its part to account for or return to Arliss any part of such advances.

The Commission also ruled that certain sales literature used in connection with the offering of Arliss stock was false and misleading and that such literature was not filed with the Commission prior to its use, as required. This literature consisted of a reprint of a newspaper article which stated that another firm was "negotiating for the acquisition" of Arliss. These negotiations, according to the Commission's decision, had never proceeded beyond mere overtures or discussions with a view to a possible merger, and the literature was used months after all such discussions had terminated.

In addition, representatives of the underwriter made materially false and misleading statements in connection with the sale of Arliss stock including, among other things, that purchasers would receive a dividend in December 1956, that in January 1957, the stock would be listed on the American Stock Exchange, that such stock would soon double in value, that Arliss had wonderful prospects due to new management, and that after the merger of Arliss with another company its stock would be worth \$4 per share.

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