

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



A brief summary of financial proposals filed with and actions by the S.E.C.

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QUALIFICATIONS STANDARDS ADOPTED FOR NON NASD MEMBERS. The SEC today announced the adoption of Rule 15b8-1 under the Securities Exchange Act (Release 34-7697) establishing qualifications requirements and fees for broker-dealer firms engaged in an over-the-counter securities business and which are not members of the NASD, as well as for their principals, salesmen and other associated persons (including officers and branch managers).

The general securities examination will cover such subjects as the following: characteristics of corporate structure, legal obligations of the corporation to its stockholders, financial statements and corporate accounting theory, types of securities, differences between various kinds of open-end and closed-end investment companies, characteristics of contractual plans, evaluation of investment company securities in the light of investment objectives of different customers, pertinent provisions of the Investment Company Act of 1940, and rules adopted thereunder and the Commission's Statement of Policy, provisions of the Exchange Act pertaining to the conduct of brokers and dealers and persons associated with them and rules adopted thereunder, methods used for the underwriting and distribution of securities, prospectus and registration requirements of the Securities Act of 1933 and rules adopted thereunder, regulation of exchanges, exchange members, and issuers whose securities are registered under the Exchange Act and rules adopted thereunder, trading methods, and types of securities traded on the exchanges and over-the-counter markets.

Any persons associated with a registered firm prior to July 1, 1963, is exempt from the examination requirements, provided he has not been disciplined since then for a securities violation. Other persons subject to the examination requirement who became associated persons prior to July 1, 1966, may continue to be associated with a nonmember firm until that date, but must complete the examination successfully by that time. One who fails the examination must wait thirty days before he may retake the examination (60 and 90 days after the second and third failure).

A person may fulfill the examination requirement by successful completion of certain other examinations, including the State Securities Sales Examination used in the states of Alabama, Arizona, Colorado, District of Columbia, Florida, Georgia, Hawaii, Illinois, Iowa, Kansas, Maryland, Minnesota, New Hampshire, New Mexico, North Dakota, Oregon, South Carolina, Tennessee, Texas, Utah, Washington (which also uses examinations of its own preparation), and Wisconsin. Other acceptable examinations are the Examination for Principals or the Examination for Qualification as a Registered Representative of the National Association of Securities Dealers, Inc.; the Standard Examination for Registered Representatives or the Allied Member Examination of the New York Stock Exchange; the Examination for Qualification as a Registered Representative or the Examination for Office Partners of Member Firms of the American Stock Exchange; the Examination for Qualification as a Registered Representative of the Pacific Coast Stock Exchange; and the Securities Examinations of the State of Washington.

The Commission expects to review the list of acceptable examinations periodically and to make such changes in it as circumstances require. The Commission also expects to coordinate closely its examination program with those of the NASD, the exchanges and the State administrators, with the eventual goal of having a uniform securities examination covering a core of basic subjects to be used by all regulatory and self-regulatory agencies. Such a standard examination could be supplemented as any particular agency might desire for its own purposes.

Arrangements have been made for the NASD to give the Commission's examination to non-NASD broker-dealers at its testing centers throughout the country. The fee will be \$20, which is the same amount as the NASD fee for examinees taking the NASD examination. The NASD will remit to the Commission any part of the examination fee which is in excess of the allocated costs to the NASD of administering the Commission's examination. Before the general securities examination is given for the first time, the Commission expects to issue further information concerning the examination, including study materials and times and locations for taking the examination. Nonmember firms must file Form SECO-2 for any associated person before he begins to perform securities activities - due November 30, 1965, for those who are not subject to the examination requirement and not later than July 1, 1966, for those who are. Form SECO-2 consists of two parts. The first must be completed by the associated person and must list various information concerning background and experience, business associations for the preceding ten years, and information concerning arrests, convictions or other disciplinary actions. The second part, to be completed by the firm, contains a certification by the firm that it is satisfied as to the good character and reputation and that the individual has met the examination requirement, if applicable.

As to fees, each nonmember firm must pay an initial fee in the amount of \$100 plus two dollars for each associated person engaged in securities activities, up to a limit of 100 persons, and one dollar for each additional such person. All nonmember firms must file Form SECO-3 (an assessment form) and pay the fee by October 31, 1965 (fees collected will be deposited in the general funds of the Treasury).

OVER

FIRST NATIONAL CITY BANK SEEKS ORDER. First National City Bank (New York) has applied to the SEC in behalf of its proposed "Commingled Investment Account," for an order exempting said Account from certain provisions of the Investment Company Act; and the Commission has issued an order (Release IC-4342) giving interested persons until September 20 to request a hearing thereon.

The Bank expects that, prior to the issuance of the requested exemption order, the Account will register under the said Act and operate as a diversified open-end management investment company and as a collective fund pursuant to applicable regulations of the Comptroller of the Currency. The Bank proposes to accept custody of and investment discretion with respect to minimum accounts of \$10,000 pursuant to agreements signed by customers authorizing the Bank to invest such funds in the Account (which will be divided into units of equal value, and the proportionate interest of each participating customer will be expressed by the number of such units allocated thereto). Following registration, the Account will obtain its \$100,000 of initial capital through a private offering to a small group of persons intending to acquire the units allocated thereto for investment. Subsequently, after registration of additional units under the Securities Act of 1933, moneys of Bank customers will be added to the Account as of specified valuation dates, their accounts being credited with units of participation at the then net asset value of such units.

The operation of the Account will be subject to the supervision of a Committee of at least three persons, one of whom will not be affiliated with the Bank. Initially, the members of the Committee will be appointed by the Bank; but thereafter they will be elected by the participants at annual meetings. The Account will have no officers or employees, it being contemplated that the Committee will enter into a management agreement with the Bank for management, investment advisory, custodial, administrative and other services required for the operation of the Account.

In order that the Account may operate for a limited period of time without the required approval by the participants of the management agreement, without participant election of the members of the Committee, and without participant approval of the selection of the independent public accountants, the Bank has requested an exemption from these provisions of the Investment Company Act, effective until action can be taken with respect thereto at the first annual meeting of the participants. Exemptions from certain other provisions of the Act, necessitated by reason of the Bank's relationship to the Account, also are requested.

U-NEVA INDUSTRIES ENJOINED. The SEC Denver Regional Office announced September 2 (LR-3310) the issuance of a court order of preliminary injunction (USDC, S. Dak.) against violations of the registration and anti-fraud provisions of the Federal securities laws by U-Neva Industries, Inc., William P. Haley and Frank Hendricks in the sale of securities of U-Neva Industries.

HARDEE'S FOOD SYSTEMS PROPOSES OFFERING. Hardee's Food Systems, Inc., 1901 Sunset Ave., Rocky Mount, N. Car., filed a registration statement (File 2-24001) with the SEC on September 3 seeking registration of \$1,250,000 of 6%, Subordinated, Convertible Debentures due 1980. The debentures are to be offered for public sale at 100% of principal amount, with a 9% commission to the underwriters (headed by Powell, Kistler & Co., of 110 Old St., Fayetteville, N. C.).

The company is engaged in the business of operating and licensing limited menu, self-service restaurants under the names "Hardee's" and "Hardee's Li'l Chef" featuring hamburgers, french fried potatoes, milk shakes and soft drinks. Net proceeds of this financing will be used to retire outstanding debentures, repay short-term bank loans, acquire a combination new home office building, food processing plant and warehouse and for working capital for general corporate purposes. In addition to indebtedness, the company has outstanding 187,923 common shares, of which Joseph Leonard Rawls, Jr., president, and James Carson Gardner, executive vice-president, own 33.97% and 29.40%, respectively.

ITT AVIS FILES STOCK PLAN. ITT Avis, Inc., Roosevelt Field, Garden City, Long Island, N. Y., filed a registration statement (File 2-24002) with the SEC on September 3 seeking registration of 300,000 common shares, to be offered pursuant to the company's Employees' Stock Plan.

INDEPENDENCE HALL EXCHANGE FUND FILES. Independence Hall Exchange and Growth Fund, Inc., 1321 Cantrell Rd., Little Rock, Ark., filed a registration statement (File 2-24003) with the SEC on September 7 seeking registration of 600,000 shares of common stock. It proposes to offer the shares to investors, in exchange for their individual holdings of securities in life insurance companies, insurance, banks, financial and industrial companies. The aggregate amount of securities deposited in acceptance of the offer must be at least \$2,500; and the basis of the exchange will be one Fund share for each \$5 market value of securities so deposited. The Fund intends to concentrate not to exceed 75% of its investments in securities issued by life insurance companies, insurance, banks and other finance companies.

The company was organized in April 1965. John L. Carter is president. Independence Hall Management, of the Cantrell Rd. address, will supervise the investment portfolio of the fund, subject to the direction and control of the Fund's Board of Directors. Dr. Mahlon D. Ogden, president of the advisor, together with several other officers, also serve as officers and/or directors of the Fund.

AMERICAN PLAN FILES EXCHANGE PROPOSAL. The American Plan, Inc., 1600 Foshay Tower, Minneapolis, filed a registration statement (File 2-24004) with the SEC on September 7 seeking registration of 231,860 shares of common stock. It is proposed to offer these shares in exchange for all the outstanding shares of common stock of Imperial Financial Services, Inc. (of which 180,631 were outstanding on June 30, 1965). The exchange rate is to be supplied by amendment. The American Plan also proposes to make an offering of an additional \$450,000 of stock (number of shares to be supplied by amendment), the offering to be made initially to company shareholders, including those who accept this exchange offer.

The American Plan (formerly Diversified Equities, Inc.) was organized in 1960 and is engaged (through subsidiaries) in the life insurance business, provides mutual fund management and advisory services, and distributes mutual fund shares. Consolidated operations have produced a net loss in each year of operations. Imperial Financial Services is a registered broker-dealer firm. Its principal business activity is furnishing investment advice to, managing and underwriting two open-end investment companies (Imperial Capital Fund, Inc., and Imperial Fund, Inc.). The American Plan has outstanding 189,704 common shares, of which some 9% is owned by management officials. If the exchange offer with shareholders of Imperial Financial Services is consummated, A. Dwight Hyde, Jr., of Minneapolis will own 18.47% of the outstanding shares of The American Plan.

O/C REGISTRATIONS REPORTED. The following issuers of securities traded over-the-counter have filed registration statements with the Commission pursuant to requirements of Section 12(g) of the Securities Exchange Act (companies which currently file annual and other periodic reports with the SEC are identified by "***"):

| File No. | Registrant | Location |
|----------|-----------------------------------|--------------------|
| 1688 | Bernz O Matic Corp. | Rochester, N. Y. |
| 1683 | Cle-Ware Industries, Inc. | Cleveland, Ohio |
| 1674 | Harper & Row Publishers, Inc. | New York, N. Y. |
| 1693 | Lear Jet Corp. | Wichita, Kansas |
| 1672 | Los Angeles Drug Co. | Rosemead, Calif. |
| 1685 | Mc Wood Corp. | Abilene, Texas |
| 1681 | Miller Bros. Hat Co., Inc. | Dallas, Texas |
| 1692 | Pan-Alaska Fisheries, Inc. | Seattle, Wash. |
| 1680 | Permanent Filter Corp. | Compton, Calif. |
| 1691 | Rixon Electronics, Inc. | Silver Spring, Md. |
| 1690 | Search Investments Corp. | Minneapolis, Minn. |
| 1679 | Southwest Forest Industries, Inc. | Phoenix, Ariz. |
| 1673 | Texas Gas Producing Co. | Dallas, Texas |
| 1696 | Town & Country Securities Corp. | Ft. Wayne, Ind. |
| 1682 | Universal Capital Corp. | Baton Rouge, La. |
| 1689 | Yardney Electric Corp. | New York, N. Y. |

COMMERCIAL CREDIT PROPOSES OFFERING. Commercial Credit Company, 300 St. Paul Place, Baltimore, Md. 21202, today filed a registration statement (File 2-24005) seeking registration of \$75,000,000 of notes due 1987, to be offered for public sale through underwriters headed by The First Boston Corp. and Kidder, Peabody & Co., Inc., both of 20 Exchange Pl., New York 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is a holding company whose subsidiaries are engaged in specialized forms of financing, insurance and manufacturing. Net proceeds of this financing will be used to increase or maintain its working capital; and the additional capital may be advanced to or invested in the subsidiaries for the purchase of receivables in the ordinary course of their financing activities. In addition to indebtedness and preferred stock, the company now has outstanding 10,634,943 common shares. Edmund L. Grimes is board chairman and Alden N. Willis president.

VTR TRADING SUSPENSION CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of VTR, Inc., for a further ten-day period, September 9-18, 1965, inclusive.

SECURITIES ACT REGISTRATIONS. Effective September 8: Airborne Freight Corp., 2-23777 (Dec 8); Ilikon Corp., 2-22732 (40 days); Penobscot Shoe Co., 2-23907 (Dec 8).

NOTE TO DEALERS. The last date or the period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

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