

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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FOR RELEASE November 13, 1963

NORTH AMERICAN INVESTORS OFFERING SUSPENDED. The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public stock offering by North American Investors, Inc., 680 W. Peachtree St., N. W., Atlanta, Ga. The order provides an opportunity for hearing, upon request, on the question whether the suspension order should be vacated or made permanent.

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 September 30, 1963, North American Investors ("NAI") proposed the public offering of 100,000 common shares at \$2.50 per share. The Commission in its suspension order asserts that it has reasonable cause to believe that the NAI notification and offering circular fail to meet the requirements of Regulation A and contain certain false and misleading information. The alleged misrepresentations relate, among other things, to an indicated overstatement of total assets and understatement of operating deficit, as well as an erroneous statement of the amount of unregistered shares sold within the past twelve months and of the number and nature of NAI branch offices. The failure to file certain required documents also is questioned by the Commission, as is the accountant's certificate.

HAROLD GRADSKY AND OTHERS INDICTED. The SEC Atlanta Regional Office announced November 8 (Release LR-2778) that on November 5 a Federal grand jury at Miami, Fla. issued a 17-count indictment against Harold Gradsky, Leon Gradsky, Robert W. Muir, Sr. and Robert B. Sills, of Miami, Roger D. Abbott and William H. Morris, of Tampa, Robert A. McKee, of Fort Lauderdale, and Eugene Phillips, of Sarasota, Florida. The indictment charges that the defendants violated the Securities Act anti-fraud provisions in the sale of notes of Federal Finance, Inc., Inter-City Acceptance Corporation, Franklin Acceptance Corporation and Franklin Fidelity Corporation, small loan companies located in Miami, Sarasota and Tampa.

CLARK EQUIPMENT CREDIT FILES FOR DEBENTURE OFFERING. Clark Equipment Credit Corporation, 324 East Dewey Ave., Buchanan, Michigan, filed a registration statement (File 2-21870) with the SEC on November 12 seeking registration of \$20,000,000 of Series B debentures due 1983, to be offered for public sale through underwriters headed by Blyth & Co., 14 Wall St., New York, and Lehman Bros., 1 William St., New York. The offering price and underwriting terms are to be supplied by amendment.

The company is a wholly-owned subsidiary of Clark Equipment Company, manufacturer of industrial trucks, construction machinery and commercial highway trailers. Commercial food refrigeration, sales and storage equipment were recently added to Clark's line of products. The Credit Company's principal business is financing retail time sales of new Clark products to ultimate consumers through Clark's independent dealers and Clark's own retail branches, and the financing at wholesale of these products for such dealers and branches. Proceeds from the debenture sale will be used to reduce short term borrowings. George Spatta is board chairman and John R. Wood, Jr., president.

TRANSAMERICA PETROLEUM FILES REGISTRATION. Transamerica Petroleum, Inc., 230 Cargill Bldg., Minneapolis, filed a registration statement (File 2-21871) with the SEC on November 12 seeking registration of 500 Program Units of Transamerica Petroleum Oil & Gas Program (a partnership), to be offered for public sale at \$5,000 per unit by Transamerica. No underwriting is involved. However, a commission will be paid to any licensed dealer selling these securities under certain conditions. Proceeds will be used to evaluate, acquire and hold oil and gas leaseholds and to explore or drill for oil and gas, primarily in Kansas, Oklahoma, Nebraska, Colorado and Wyoming. Organized in July 1963, Transamerica is primarily a service organization, managing the investments of Program Unit Funds. D. L. Hawes is president, board chairman and principal stockholder. Transamerica will receive as compensation for its services (a) six per cent of all Program Funds expended, (b) an overriding royalty interest which shall bear the same relationship to 1/16 of the total oil and gas produced and saved from each Program lease, as the Program's working interest bears to the total working interest and (c) 25% of the Program's net profit from each lease after the Program has recovered its entire investment in the lease.

BROKER-DEALER RECORD-KEEPING INTERPRETATION. It has come to the attention of the Commission that some broker-dealers who act as underwriters of investment company shares do not record on their books and records transactions arising from the sale and redemption by them of such shares. Such transactions should be recorded in a separate account for each customer including each investment company and each broker-dealer distributing or redeeming such shares. Such transactions may not properly be recorded in the "fail" records in lieu of maintaining separate accounts for each customer as the customary arrangement that payment shall be against delivery on a traditional settlement date is not present in the sale of investment company shares.

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Failure by an underwriter to record such assets and liabilities in its accounts would result in violation of Rule 17a-3 under Section 17(a) of the Securities Exchange Act of 1934 which prescribes that every member of a national securities exchange who transacts a business in securities directly with other than members of a national securities exchange, and every broker or dealer who transacts a business in securities through the medium of any such member, and every broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended, shall make and keep current, among other records relating to his business, ledgers (or other records) reflecting all assets and liabilities, income and expense and capital accounts including ledger accounts as to each customer. As the Commission has held on repeated occasions, the requirement that records be maintained carries with it the implicit further requirement that such records must be true and correct.

SECURITIES ACT REGISTRATIONS. Effective November 12: Aerosol Techniques, Inc. (File 2-21721); Walter E. Heller & Co. (File 2-21723); Russ Togs, Inc. (File 2-21218).
Effective November 13: Trans World Airlines, Inc. (File 2-21807); Weyerhaeuser Co. (File 2-21821).

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